

News Summary

GENERAL  
Envoys  
agree  
on  
Berlin

The Ambassadors of Britain, the U.S. and France have completed the text of an agreement to improve the situation in and around Berlin, after 17 months of negotiations.

It will now be submitted to the four governments for approval. Although the text has not been published, it is said the Russians have accepted joint responsibility for ensuring unhindered access to the city. Control by East German authorities will be limited to identification and trains and lorries are to be searched before crossing East Germany.

The Berlin wall is to be opened to West Berliners on the same footing as West Germans. Federal officials will be allowed to remain in Berlin and visits by the Federal President, Chancellor and Ministers will be allowed, although West German political activity in the city will cease.

Soldier shot  
in Belfast

Another soldier was shot dead in Belfast yesterday by a sniper, bringing to 14 the number of soldiers killed in Northern Ireland this year.

The total death toll since the introduction of internment rose to 31 when a man injured in a gunbattle in Ballymurphy died in hospital.

Mr. Heath has turned down the Opposition request for a recall of Parliament to debate Ulster, making an open rift between the two parties more likely.

The Irish Cabinet meets in Dublin today to confirm the extent of its direct support for the civil disobedience campaign in Ulster, following yesterday's meeting between Mr. Lynch and Ulster Opposition leaders. Back page

Ky pull-out  
worries Nixon

President Nixon is concerned at yesterday's decision by South Vietnam Vice-President Nguyen Van Ky to withdraw from the presidential election, which came in defiance of considerable White House pressure on him to stand. America is concerned with retaining the credibility of a election in the fact of the withdrawal last week of another potential candidate, General Thieu, leaving President Thieu as the only candidate. Page 5

em thieves  
noot police

Police superintendent dies in hospital at Blackpool after a heart-attack. A five masked men escaped after a raid on a jewellers' shop. Two other policemen were injured.

Angry Brigade  
aid charges

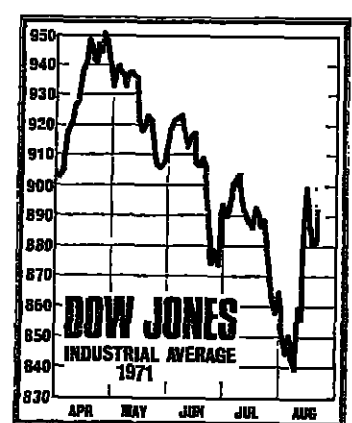
People in their twenties, including two women, held by police following week-end swoops on North London houses by Scotland Yard's anti-Angry Brigade squad, were charged under the Public Order Act. They will appear in court today.

People and places

Police last night ordered checks on the Nottinghamshire line after investigations showed a protection racket on the night trains. The youths omitted rail guards there would no violence or vandalism if they travelled free. A 22-year-old man, aged 22, was given three months' jail for using threatening behaviour at the Leeds-Wolves match on Saturday. Ulster MP Bernadette Devlin's birth to a 6th, 20s, two-week-old girl. Both were said to be well. A room fire brought an end to dancing passengers on the Empress of Canada in the sea last night but it was brought under control. In India: India were in sight of their first Test win in England. Scores: England 355 and India 284 and 76-2. Page 9. Shock omission from the Ryder Cup team is by Horton. Page 9.

BUSINESS  
11-point  
rise on  
Wall St.

WALL STREET, encouraged by world foreign exchange markets' calm reaction to Mr. Nixon's dollar moves, resumed



its strong upward trend. The index, helped further by renewed optimism on the prospects for the U.S. economy, closed up 11.47 at 942.38.

LONDON EQUITIES made a quiet but firm start to the new Account. Leaders were cautious at first, but moved ahead in the absence of startling foreign exchange moves. The index reached the day's best—up 3.1 at 1 p.m., but slipped back slightly to close up 2.7 at 412.1.

GILTSALES stayed firm, long and medium closing with wide-spread gains from 1/4 to 1/2.

Tool orders  
down 40%

NEW MACHINE TOOL orders in the year's first five months, at \$56.8m, were nearly 40 per cent down on the same period of 1970 and the industry expects a lag of at least six months before the mini-Budget's reflationary measures are reflected in order books. Provisional DTI figures show orders in May totalled only \$10.6m, \$5.2m of which was for home orders—the lowest level for four years. Page 15

PERGAMON PRESS losses for the year to September, it is now thought, will prove to be \$2.2m, compared with the \$1.3m predicted by Sir Henry D'Avignon Goldsmith, chairman, at the last annual meeting. Most of the discrepancy is believed due to a difference between accounting methods in the consolidated financial accounts and those applied to the audited figures in the annual report. Back Page

DEADLINE set by the Government—and extended once already—for settlement of outstanding contract arrangements for the Rolls-Royce RB-211 engine in Lockheed's TriStar expires today but an extension, until September 3, is expected to be announced within a few hours. Various factors have slowed the negotiations, not least establishment of the U.S. committee to overlook the Congressional loan guarantee. This has its first meeting to-morrow or Thursday. Page 15

INCREASED GARAGE service and repair charges are expected as a result of an 8 per cent rise in basic pay rates from next month for 350,000 workers in the trade. The deal lifts the basic rate for skilled men to £1.50 an hour, with smaller increments for semi-skilled and unskilled workers. Back Page

AN AMENDMENT by the Transport and General Workers' Union to the anti-registration resolution to be considered at the Trade Union Congress in a fortnight's time has opened the way for the TUC to relax its policy that unions refuse to register under the unions Bill. It qualifies an "instruction" not to register by adding that non-registration can be effective only if all affiliated unions act collectively. Since this will not happen—several unions have already decided to register—the clear implication is that other unions can feel free to bypass the non-registration call. Page 15

CARRERAS final is 101 per cent. for a total of 151 (141) on record pre-tax profit of £9.5m. (£7.3m.). Page 16; Lex

Calm reopening of exchange markets

Pound closes 2pc up  
against the dollar

BY MICHAEL BLANDEN

THE FREE market in foreign currencies made a notably calm start yesterday. Following the decision to allow the pound to float, along with the Italian lire, the Belgian franc and the three Scandinavian currencies, the dollar ended the day effectively devalued by up to 2 per cent.

Following the five-day closure of exchanges in London the banks had a substantial backlog of business to make up and re-

the new system settled down completely. The floating of the major currencies has taken the edge of the speculative pressures, but the huge flows of currencies which took place before the U.S. measures a week ago are still hanging over the market.

The element of uncertainty was reflected in a spread of quotes between buying and selling prices which, though reduced by the end of the day, was still greater than was normal under fixed exchange rates.

Two specific sources of uncertainty were presented by the new French two-tiered exchange rate system and by the situation of the Japanese yen.

The French system, establishing separate markets for commercial and financial transactions in francs, caused a good deal of initial confusion. Dealers in London and New York were uncertain how exactly it would operate, and some were sceptical of its practicability. It was suggested in London that banks would have to maintain two separate accounts with their French counterparts in order to maintain the distinction between the two types of transaction.

The yen remained the subject of strong speculation as a revaluation prospect and attracted a profusion of buying orders in London, but the official restrictions in Tokyo left the demand unsatisfied.

Earlier in the day Japanese banks in Tokyo were forced to buy some dollars in order to meet their official guidelines. Their London branches were giving no

	Fri. 13 Aug.	Mon. 23 Aug.	Fri. 13 Aug.	Mon. 23 Aug.
U.S. dollar	3.39	3.42	2.42	2.44
German Marks	5.51	5.53	13.32	13.51
French Francs	4.00	4.00	1.90	1.90
Italian Lire	4.04	4.00	9.82	9.78
Swiss Francs	3.45	3.49	8.37	8.50
Dutch Guilders	49.42	48.85	120.05	119.50
Belgian Francs	1.01	1.01	2.44	2.47
Canadian dollar				

\* London rates. † Commercial rates. Financial franc rate 5.47 to the dollar, and 13.34 to the pound.

quotes for the yen at all. The newly floating currencies, however, appeared to present no major problems to the market and all showed some appreciation against the dollar. Against this the D-Mark and the guilder, which have been floating since May, weakened against the U.S. currency.

The sharp fluctuations in rates during the morning produced some substantial changes in the valuation of one stage the pound and the Norwegian krone, for example, went up to 3 per cent over their par values. As rates settled, however, the extent of the revaluation was generally reduced.

Among the new floaters the lira was officially fixed in Milan at 617.60 to the dollar—a revaluation of 0.38 per cent. Bank of Italy sources indicated that this was well within the limits at which the bank intended to intervene. The dollar closed, however, at 611.614 in London.

The Belgian franc, now floating in close conjunction with the

guilder, hardened to Frs.48.80 to 48.90 to the dollar, against Frs.49.62 before markets closed on August 13. Yesterday's final rate, however, was little different from the Frs.48.80 reached in unofficial dealings last Friday.

In the French two-tier system the commercial franc was underpinned by the Bank of France, which set its intervention rate at the old dollar floor of Frs.51.25. In fact, however, the dollar hardened after a shaky start against the commercial franc, to close above its support point at Frs.52.21.

The financial franc was reported to be a thin market in London, and very wide spreads were quoted. At one stage it was quoted at Frs.52.50-5.45 to the dollar, before closing at Frs.54.48.

In contrast, the D-Mark, which before the markets closed had been over 8 per cent above its old dollar parity, was fixed at DM3.4250 to the dollar (a revaluation of 6.9 per cent) and closed around DM3.4225 in London.

Schweitzer-U.S. gold price clash

BY JOHN GRAHAM, U.S. EDITOR

M. PIERRE-PAUL Schweitzer, managing director of the International Monetary Fund, gave a strong hint to-day that he would like the U.S. to increase the dollar price of gold and return soon to a gold exchange standard.

He thus brought right into the open a major disagreement between himself and the other senior management of the IMF and the U.S. Treasury. The Treasury had no comment, and the White House in San Clemente, California, simply reiterated the previously stated position: that the U.S. contemplated no change in the price of gold, either upwards or downwards.

Interim period

By giving his opinion in public, however, M. Schweitzer has probably changed things more than the U.S. cares to admit. The revelation came during a television show in the early morning—an unusual forum for him, to say the least. He was asked whether he thought the possible disintegration of the international monetary system might not be solved if the U.S. were to change the value of gold slightly upward, and this was his reply:

"That would be one contribution to it. It would not be

enough, because the situation of all the trading partners of the U.S. is not exactly the same. It's a whole new pattern, but, of course, in my opinion it would be normal for the U.S. to make a contribution."

He also said that the interim period during which the U.S. is not selling gold "should be as short as possible." These two opinions are precisely the opposite of official U.S. policy at the moment: this policy is first, to continue refusing to sell gold until other countries have taken the financial, commercial and defence actions required, and, secondly, to do nothing whatever to re-emphasise the importance of gold, which means a fortiori not to increase its dollar value.

M. Schweitzer stressed again and again his dissatisfaction with the present state of affairs. "We certainly feel a great deal of concern," he said, "that we might start a period of disorder or even monetary or trade warfare." A long period of floating currencies "might be quite disruptive," and he would like to see "as soon as possible, a return to an orderly exchange rate pattern and a normally functioning exchange system."

Group of Ten

He confirmed that he had been discussing with Mr. Benson (the Canadian Finance Minister, who is chairman of the Group of Ten) a possible meeting of the Group of Ten deputies, was in Washington last week-end, also in pursuit of this goal.

What is new about M. Schweitzer's remarks to-day is not just that he has publicly advocated an increase in the gold price, but that he has dared to say it when no representatives of Group of Ten Governments have dared to. The taboo has been mentioned out loud, and the U.S. is presumably less able to ignore it.

Nor is there any doubt about M. Schweitzer's gold orientation. His suggestion that the U.S. should go back to selling gold as soon as possible was made in answer to a question about trade

Truman bids:  
it could be a  
dead heat

BY KENNETH GOODING

THERE is now a real prospect of the race for control of brewers to a close the last of the big Truman Hanbury Buxton ending in a dead heat. For last night Grand Metropolitan Hotels announced it had 47 per cent of Truman, while rival bidder Watney Mann claimed it had the support of holders of more than 46 per cent.

As a general rule it has been a very rare bid which has dashed

As the Grand Met. offer drew to a close the last of the big shareholders in Truman were rushed out. Grand Met. was able to buy 480,000 Truman shares (or nearly 5 per cent of the capital) in the market yesterday, including one block of 250,000 from an institution. The last of the institutional holders, Legal and General Assurance, assented to the Grand Met. offer.

This makes the position of the Buxton family, split down the middle over the future of Truman—a company with which they have been associated for generations—even more important. If one faction owning only 1 or 2 per cent changed allegiance from Watney to Grand Met. the deadlock could be broken.

What makes this unlikely, however, is the undoubted bitterness the bid situation has aroused in those deeply involved.

Clutch pedal  
check for  
65,000 Cortinas

THE Ford Motor Company has instructed dealers to contact owners of 40,000 new Cortinas for a check of the clutch pedal cross-shaft installation, it stated yesterday.

Several cars built in the first six months following introduction of the latest model last October had been found to have a retaining clip incorrectly fitted.

A further 25,000 Cortinas exported would also be checked, the company added.

Joint optimism

Both sets of advisers were making optimistic noises last night. S. G. Warburg, Grand Metropolitan's bankers, maintained their offer was "very successful." A spokesman added: "We have the scent of victory." At Guinness Mahon, Watney's advisers, the comment was: "It is heartening to see they could get no more than 47 per cent."

THE £ ABROAD

	Clos. Aug. 23	Clos. Previous
New York: £2,422.4000	\$2,422.4000	
Do. (1 month) 0.10-0.12	Unavailable	
Do. (3 months) 0.15-0.17	Unavailable	
Do. (6 months) 0.20-0.22	Unavailable	
Do. (12 months) 0.25-0.27	Unavailable	

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THE  
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DAILY

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BOAC  
takes good care of you.

EF PRICE CHANGES

Court Bros. 'A'	195 + 9
Court Line	147 + 12
De La Rue	224 + 6
Direct Spanish Tele.	
graph	187 + 18
Gates (F. G.)	51 + 8
Granada 'A'	390 + 22
Hattersley Steelford	190 + 3
Lincolnshire Carners	290 + 6
Land Securities	303 + 9
Lucas (J.)	256 + 13
Marley	118 + 9
Morgan-Granplan	123 + 8
Pearl Assurance	282 + 10

St. Martin's Prop.

321 + 11
181 + 17
178 + 9
53 + 9
37 + 7
282 + 13
60 + 7
185 + 13
193 + 17
226 + 10
223 + 10
70 + 3
73 + 25
163 + 8

U.K. DAILY STOCK INDICES

Govt. Secs.	Aug. 23 Aug. 20	74.67	74.13
Fixed Interest	Aug. 23 Aug. 20	74.67	74.13
Industrial Ord.	Aug. 23 Aug. 20	74.67	74.13
Gold Mines	Aug. 23 Aug. 20	74.67	74.13
Ord. div. yield	Aug. 23 Aug. 20	74.67	74.13
Earnings yield	Aug. 23 Aug. 20	74.67	74.13

Lucas threat Back Page



## Letters to the Editor

# The dollar

Sir.—David Watt keeping his "cool" on the dollar crisis (August 20) was certainly wholeheartedly in response to Nixon's startling speech. It was a wonderful send-off to the week-end. Understandably, perhaps, one did later half begin to wonder if it was all quite so simple as he made out: just "sound and fury, signifying nothing" or nearly nothing, and that we should ride the storm easily, and without injury.

One or two of his home truths about our indebtedness to America one way or another these last two decades had certainly needed rummaging in for some time; and only the ungrateful or the insensitive would try to make light of them. But was he right about America's basic need of us, or of Europe? Could they not quite easily call it a day and live comfortably behind their own boundaries, or even have a new set of friends—or poor relations.

Nobody is likely to go broke. So what is all the fuss about, says Mr. Watt reassuringly. But aren't they if the U.S. washes her hands of her erstwhile allies in sheer disgust and exasperation? If friendship goes there is really any substitute to bind us to-gether.

Arguably, America's only aim is to bring the recalcitrant countries to heel—on her own terms. But it is on this very score that all her trading nations are not alike, and it's right here that we should not be regarded as one of the mob. It's the time to be British rather than European, and we should make no bones about it.

The danger for us surely lies in trying to be more European than the Europeans out of a misplaced desire to be seen to be co-operative, and this before we are even members of the club. Let us at least be as nationalistic in outlook on this matter as the French and the Germans.

Samuel Brittan seemed to have something of the sort in mind on Thursday when he wrote: "What is needed now is a unilateral float . . . Maybe that would save our bacon, but what is even more important is that we should preserve our sanity, and to that end your David Watt works wonders."

F. Whitehouse, 125, Ecclesfield Road, Chapeltown, Sheffield.

## Finance for small firms

Sir.—Study No. 4, commissioned and released by the Bolton Committee, will come as a last glimmer of hope that that committee may, after all, advise the Government to set up a Small

Business Administration at least partially on the lines of the American one. The study advised "Bolton" to opt for a publicly financed institution which would advise small firms on sources of finance. Such advice is, of course, a fundamental of the American SBA and is of immense value—as are all the other principal activities of the SBA—in fulfilling the late President Kennedy's objective of grass roots private enterprise.

It has been admittedly difficult to get anything comparable to the American thought process going in England. We are, I am afraid, so very susceptible to slogans of one sort or another, that one has to say "Government interference" and the most worthwhile projects are slaughtered. I hope that no one will take Mr. Harold Bolton's point (August 20, page 12) very seriously (that the financial advice can and will be provided by voluntary organisations). Without going into a lot of detail, but with the best possible person's experience, I say emphatically that that is not "on". At best it is a pious hope; at worst it is a "come on" which really ought to be ignored.

In the past 15 months I have visited the SBA in Washington, the Smaller Business Association in Boston (which pioneered the Small Business Administration legislation) and have met the Bolton Committee. The first two impressed me immensely with their down-to-earth grasp of the social significance of the small firm and the importance of encouraging it; the last named may yet still do so by sensibly advising Her Majesty's Government that the "Bureau" once promised by Mr. Heath in an election manifesto should, at long last, be created.

J. H. Stevenson, 1, Abbots Green, Addington, Croydon, CRO 3BL.

## Smooth silent trains

Sir.—Despite the panegyrics of Eastern Region (August 19), I am afraid that my sympathies are with Mr. B. Engert (August 19), I, too, dislike the noisy first-class coaches and their only advantage seems to me to be that they permit the traveller to spend the whole of his journey eating and drinking—perhaps that is the idea? Personally, I don't want to eat on the train if I can help it (it is very expensive) and when I do I much prefer to go to the restaurant or buffet car.

I travel extensively and use a rail whenever possible because it enables me to work, read or

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

# Inventories

data processing installation where and only when required. The purpose of this approach is to give the client the advantage of the efficiencies of a standard approach and access to multiple skills without the cost of 3 men on the project for six weeks.

While I sympathise with Mr. Smallwood's fear of the consultant looking for further business, I feel he underestimates the judgment of the client and rather more importantly, a consultant not able to put matters "right" would not be competent in the first place to carry out the more detailed aspects of the review.

E. D. B. Tebb, Director, Brandon Applied Systems, 30, Blackfriars Road, SE1.

## Inventory management

Sir.—The problem of inventory management (lack of stock) is a critical one in British industry today, and has quite rightly attracted considerable consideration in your columns. I cannot disagree with any of the views expressed on the many aspects of this problem; however, I feel that the basic point has been overlooked.

While related areas such as corporate policies, marketing, buying and stock floor control are certainly important, the source of the problem, and often the principal obstacle to any improvement, is, quite simply, poor inventory control systems, which lack the essential quality of rapid reaction to the substantial changes in demand which typify today's business conditions. Furthermore, it should be noted that, with a good, front-end inventory control system, many of the problems in these other related areas disappear.

Mr. Whyld (August 4) touched on this problem, but how many managers, for example, thoroughly understand modern inventory control techniques which are geared to a fluctuating demand, such as time-phased requirements planning, with dynamic order quantities and decision rules to permit rescheduling? In many instances this technique has considerable advantages over the traditional order point system.

It is this frequent lack of systems appreciation and understanding by management which underlies the problem, and which is largely only provided by consultants and computer

manufacturers. Looking further, such practical systems technology appears to lack sufficient emphasis in management education, and yet it is significant that, in a recent survey conducted by the Business Graduates Association, the three least popular subjects which management would like to see taught at business schools are production, systems and computers and operational research. Perhaps we are getting too preoccupied with the glamorous area of business planning at the expense of essential techniques of systems execution and control, yet a lack of understanding and application of these techniques often makes a mockery of planning.

Finally, in this connection, I would appreciate the opportunity of drawing to your attention the activities of The British Production and Inventory Control Society, whose aims include the dissemination of this essential, practical systems experience by line production controllers, consultants and computer manufacturers who have been through the mill.

M. H. Vandersteen, St. Alphage House, London, E.C.2.

## Industrial Cinderellas

Sir.—May I comment further on my article (Executive's World August 6) in the light of the correspondence D. H. Jenkins (August 14) and W. L. Hirsch (August 17)? Did I really suggest that there is an easy solution? Hardly! I have had considerable involvement with industrial supervisors and at one time I was personally responsible for nearly 20 of them. The lines of action are clear but the field is a very difficult one. I agree with Mr. Jenkins when he suggests separating out the management elements and this is mentioned in my article in the case of an assistant works manager.

Mr. Hirsch makes a number of important comments. I agree that supervisors are uninformed on financial aspects, company structure and resources. I am particularly interested in Mr. Hirsch's reference to the need for supervisors. In my opinion there are four problem areas here:

(a) the older supervisors, possessing a generally low level of formal education and management training and often a store of lifetime experience; (b) the younger supervisors, possessing a reasonable level of formal education and having received some formal supervisory training, such as a NEBSS course (National Examinations Board in Supervisory Studies);

(c) the graduates who are spending a short time in supervisory management as a preparatory for more senior posts; (d) the "career supervisors" of at present the men and women who will in many cases be satisfied with a career in supervisory management. In 1965 they will be 30 years of age and holding very demanding senior supervisory posts.

In 1968 I recorded the ages of the 18 production foremen in a factory employing 1,000 personnel, and the age classifications were as follows:

Age range 37 to 41	1
" 42 to 46	3
" 47 to 51	2
" 52 to 56	2
" 57 to 61	2
" 62 to 66	2
Total	13

Sixty per cent of these men were at least 50 years of age; by 1980 only 40 per cent of them would be under 60 years of age (the youngest 53).

As Mr. Hirsch puts it so poignantly from the "younger" age bracket stems the hope for future management efficiency. The "career supervisors" of the future (d) above, will need to have a basic educational standard of at least O'Level, or a degree, and these qualifications will be supplemented by a regular supervisory and management training. The cream of such personnel could be part of the top management nucleus of the future, mentioned by Mr. Hirsch, although competition will be extremely keen for such posts in an environment of cybernated manufacturing.

If any reader would care to read my views in more detail than is possible here, they could refer to my series of three articles in "Industrial Society" (November, 1970; April and June, 1971).

Stanley Oliver, Senior Lecturer in Management Techniques, Salford College of Technology, 2, Selby Gardens, Cheshire, Walsley, Cheshire.

## Effects of strikes

Sir.—Your second leader of August 20 while (quite rightly, in my view) commending BOAC for a relatively excellent year's results, nevertheless seems to fall into a fairly common error concerning the financial effects of strikes. You state "The postal strike forfeited the Corporation some £2m. in mail revenue." First of all, it is unclear whether this was in fact a forfeit and not a simple re-

scheduling. But secondly (and very much more to my point) surely the greatest cost to BOAC was that it had to go on maintaining the mammoth overheads essential to a modern international carrier, whether or not one of its customers (in this case the GPO) was operating. In most strikes, the revenue eventually does get recovered, but the indirect costs incurred during the stoppage can never be recouped.

S. E. Ross, Manager, Long Range Planning, Taylor Instrument Companies (Europe) Limited, Gurneys Wood Road, Stevenage, Herts.

## Multi-purpose authorities

Sir.—Sir John Cockram's plea (August 17) that we should go on using the methods of the past to tackle the water shortages of the future can be shortly answered. Much of the increase required in water supplies must come from more re-use of water, for which widespread improvement in sewage disposal and cleaner rivers are essential and urgent.

The fact that Sir John makes no mention of this in his long letter shows better than any argument how little attention this aspect will get until we have multi-purpose authorities covering the water cycle as a whole. J. E. Churcher, Gipping Hill, Amberley, Derbyshire.

## Sending money abroad

Sir.—Your correspondent Mr. W. G. Hodges (August 16) was asking for an international money transfer service which, unfortunately, the Post Office cannot provide under the Bank of England notice EC12, to which Mr. Hodges refers, permits banks to carry out emergency telegraphic transfers, but this applies only to banks, and does not apply to the Post Office.

There are, however, a wide range of international money transfer services which the Post Office is able to provide. Mr. Hodges may like to know if instance that Giro account holders who remit money overseas through the ordinary international Giro Service for import duties, subscriptions, magazines, salaries and cash gifts for example are only charged per £10, with a minimum of 25p, and a maximum of £10. T. Dawson, DFR, Post Office, 23, Howland Street, W.1.

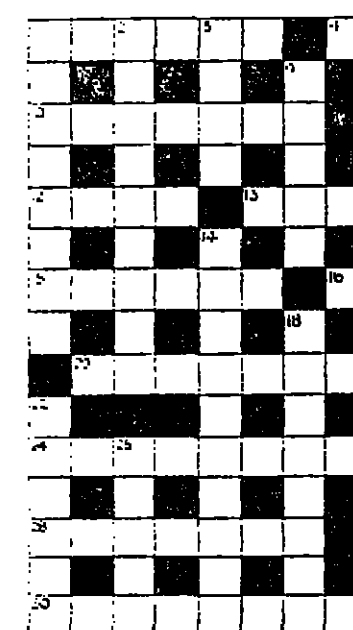
## TV Radio

\* Indicates programme in black and white.

**BBC 1**

10.55 a.m. Cricket: Third Test Match, England v India. 1.20 p.m. Watch with Mother. 1.45 News. 1.55 News. 2.20 Cricket: Third Test Match, England v India. 4.20 Play School. 4.40 Jackanory. 4.55 Vision On. 5.20 The Flashing Blade. 5.44 The Adventures of Parsley. 5.50 News.

## F.T. CROSSWORD PUZZLE NO. 1,653



**ACROSS**

1 Burning for Beaumont and Fletcher's Knight (6)  
4 Distasteful portrayal of working-class movement (8)  
10 No wing of judgement (7)  
11 Put down concerning papers (7)  
12 To make all run smoothly for the painter (4)  
13 Grouchy member of Flying Squad (10)  
15 Wanted—work in the bakery, we hear (6)  
16 "Be thou as chaste as ice, as pure as snow, thou shalt not escape us." (Hamlet) (7)  
20 Caps set thus get looks (7)  
21 Very poor producer of opera (6)  
22 See hat I carve strangely round the door (10)  
23 One cat that's mighty small (11)  
24 If I cover the inside—with dye (7)  
25 Not precise during old performances (7)  
26 Ray and Nicol somehow produced the animal (8)  
27 Add a very soft finish (6)

**DOWN**

1 Put forward sterling support (6)  
2 Quiet for making whisky on the headland (9)  
3 Fifty per assistance put down (4)

3 One of Apocalyptic Four (8)  
6 Staged the play again and made a copy (10)  
7 Fortu of ntre which is not active (5)  
8 Canopy for sixpence—in the old days (6)  
9 O.E. fish (6)  
14 Fine cable I compose to be advantageous (10)  
17 Dark horse is frightening (9)  
18 Fish for operator taking tea (3)  
19 Made with many inside to be consumed (8)  
22 Does noble female scholar suffer this? (6)  
23 A vacuum to shun (5)  
24 "Survey mankind from sea to Peru." (Dr. Johnson) (5)  
25 Look before this spring (4)

**SOLUTION TO PUZZLE No. 1,492**

ACROSS  
1 BURNING  
4 DISTASTEFUL  
10 NO WING  
11 PUT DOWN  
12 SMOOTHLY  
13 GROUND  
15 WANTED  
16 HAMLET  
20 CAPS  
21 POOR  
22 SEE HAT  
23 ONE CAT  
24 COVER  
25 NOT PRECISE  
26 RAY AND NICOL  
27 FINISH

DOWN  
1 SUPPORT  
2 QUIET  
3 FIFTY PER  
6 COPY  
7 FORTUNE  
8 CANOPY  
9 FISH  
14 CABLE  
17 HORSE  
18 FISH  
19 MADE  
22 SUFFERS  
23 VACUUM  
24 SURVEY  
25 LOOK

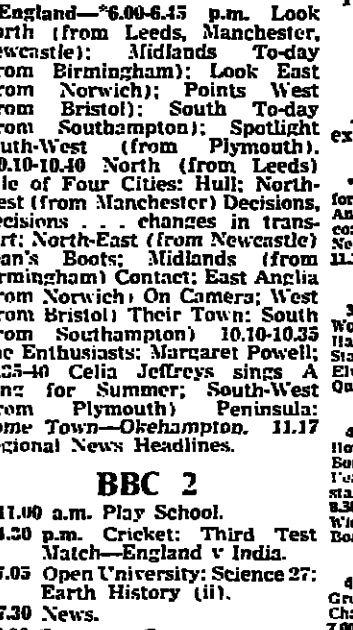
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## F.T. CROSSWORD PUZZLE NO. 1,653



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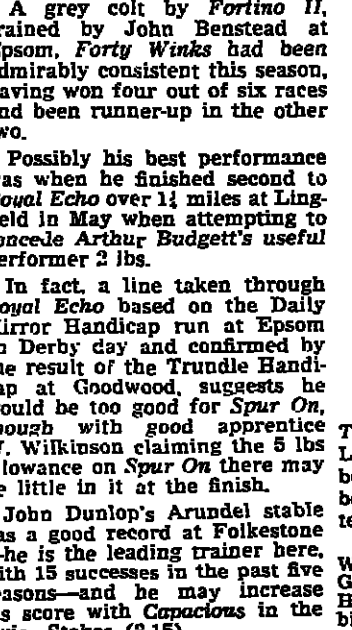
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## Racing

## Folkestone fancies

by DARE WIGAN

RACING enthusiasts on holiday on the South-East coast are catered for at Folkestone to-day when the principal event on the programme is the William Hill Handicap (2.45) for three-year-olds claiming the 5 lb. allowance in which top weight of 8 st 9 lbs is carried by *Forty Winks*.

A grey colt by *Fortino II*, trained by John Bestead at Epsom, *Forty Winks* has been admirably consistent this season, having won four out of six races and been runner-up in the other two.

## Events

## To-day

**COMPANY MEETINGS—**  
CELESTION INDUSTRIES, 1 Mid Street, W. 12. (Chairman, Mr. D. Brown.)  
COLLECTY (L.), Grosvenor House, W. (Chairman, Mr. M. Harris.)  
CORNWALL PROPERTY, Birmingham. (Chairman, Mr. R. A. Shuck.)  
HARPER (LONDON), Wiltshire, 12. (Chairman, Mr. G. Rees.)  
HUMPHRIES HOLDINGS, 11, War Street, W. 11. (Chairman, Mr. A. Leonard.)  
LEIGH INTERESTS, 12. (Chairman, Mr. A. Leonard.)  
SHIPPING INDUSTRIAL, Great T. (Chairman, Mr. A. Leonard.)  
WESTCOAST, 12. (Chairman, Mr. A. Leonard.)

## Events

## 'Open school' plan may aid young tourist

MORE SCHOOLS and universities in the London area may be opening during the summer holidays provide sleeping accommodation for young overseas visitors. Mr. Anthony Grant, Parliamentary Under-Secretary responsible for tourism in the Department of Trade and Industry, is to introduce the matter. He said yesterday that reports of accommodation shortages and of students having to "sleep rough" were exaggerated. The problem, he made known to young visitors, already exists, he added. More than 100,000 people visit Britain each year. Mr. Grant said that the L.T. Board, which has a duty to provide accommodation for 1,000 unaffiliated visitors on most of them under £1 a night. He was speaking after a London accommodation cent

## Ellerman's to switch Norway route to Goole

HULL, August 23.

THE JOINT Ellerman's Wilson Line-Svea Line weekly service between Hull and Stockholm is to be transferred to Goole on September 6.

## In an imperfect world we try to be different

As Victor Britain we take as much care over selecting our chauffeurs as we do in maintaining our luxury saloons and limousines. For example, if you want to make a French client feel welcome, you'll get a chauffeur who speaks French. If you get a Victor

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Farming  
and Raw  
MaterialsUneventful day's trading  
in commodity markets

BY ROBIN REEVES, COMMODITIES EDITOR

LONDON commodity markets showed little response to the opening of foreign exchange markets yesterday. As last week, trading in most markets remained exceptionally quiet and there were no marked price movements.

If the currency situation was a factor, then markets should have been generally steadier. This is on the basis that commodity prices were adjusted last week to the expectation of a de facto revaluation of sterling against the dollar of between 3 per cent and 5 per cent. In the event, yesterday's foreign exchange dealings never showed a revaluation of more than 3 per cent.

## Net decline

In fact, one of the commodities which might be expected to be more sensitive to the currency situation—copper—showed a net decline on the day.

On the London Metal Exchange copper market, it was thought there might have been some arbitrage trading against the New York market, as the two markets' realizations themselves remained very thin indeed and the more important factor was the increase in L.M.E. warehouse stocks to a new record figure of 106,322 tons.

The increase was bigger than the market was expecting on the pretext that foreign exchange

market closures had prevented some buyers from taking delivery of their purchases. Even so, the rise had a dampening effect. Cash and three months' wirebars eventually closed both \$5.50 on the day at \$447.25 and \$457.25 a ton respectively. News that another major U.S. copper producer, Arco, had settled its strike, had no perceptible influence.

There was some moderate business in silver initially. On the London market, cash and three months' delivery silver were fixed unchanged at 65.2p and 66.4p an ounce respectively. In the afternoon, however, prices sagged in a very small turnover reflecting a decline in New York.

Tin prices were no more than steady with cash closing at £1,408.5 a ton, £1.50 down and dealers at £1,408.5 a ton. This was despite the revolution in Bolivia, which might have been expected to have a more marked effect.

Turnover in lead was better than in most markets but dealers did not attach any particular importance to this. Three months' lead closed unchanged at £107.125 a ton. In contrast, three months' zinc led further ground to close £1 down at £133.875 a ton.

Elsewhere, cocoa and sugar were easier, again in very quiet trading conditions. The trends were put down to disappointed speculative liquidation unconnected with the currency situation. The coffee terminal

market remained quiet and uneventful. In the continued absence of significant news from the International Coffee Council negotiations now going on in London.

The rubber market was described as quiet and peaceful, though the closing tone was hesitant. The spot price for No. 1 RSS grade closed at a new low for the year of 13.55p a kilo, down 0.05p on the day. Earlier, news of devaluation of the Indonesian rupiah softened values on the Singapore rubber market.

## Financial franc

A number of imported grains were quoted yesterday for the first time for over a week, but there was an inclination among dealers to await stability in the money markets before entering into fresh commitments.

Meanwhile, Reuters reported from Paris that the French Finance Ministry informed the Paris commodity market authorities that all arbitrage dealings with foreign markets must be done at the rate of the new floating financial franc.

Market sources said that so far this had had no effect on prices, but higher prices are being offered for some commodities. The added however, that if the differential between the commercial and financial franc widens to 5 or 7 per cent, as is expected in some quarters, French prices on the Paris markets would drop accordingly.

Scottish farmers seek early  
decision on sugar beet

BY OUR COMMODITIES STAFF

SCOTTISH farmers are pressing for an early decision about the future of the country's only sugar beet factory, at Cupar, which is due to close after processing the current season's crop. But as yet no date has been fixed for a meeting between the consortium that wants to take over the factory and the Board of the British Sugar Corporation which owns it. A BSC spokesman confirmed yesterday.

Agreement by the BSC—which has in effect a statutory monopoly of processing sugar—to sell the Cupar factory to be run independently is probably the main prerequisite before the Government would even begin to consider amending the 1956 Sugar Act, which would be necessary if there is to be an independent Scottish beet factory paying guaranteed prices and receiving support.

The Government, which controls 38 per cent of BSC's equity,

would also have to be assured that the whole project was financially viable.

BSC is closing the Cupar factory as uneconomical but still carrying out the factory's sugar beet processing under a long-term contract with the Booker's Agricultural and Technical Services, a subsidiary of the Booker McConnell group, concluded that under proposed new economies the project could be viable.

## No lame duck

The study was commissioned by the Farmers' Supply Association of Scotland, which is at the forefront of the consortium of commercial interests which hope to form a new company to run the factory.

Stressing the importance of an early decision, a National Farmers' Union of Scotland spokesman said yesterday that Scottish farmers were at this point making their cropping plans for next year.

Mr. Andrew Arbuckle, convenor of the Scottish NFU's sugar beet committee, said last week that as each day passed the need for a decision became that much more urgent. Sugar beet was a vital industry to the East of Scotland, not only as an integral part of farming, but in terms of the jobs of the 200 workers permanently employed by the factory and other seasonal workers.

"Scotland cannot afford to lose this industry and certainly not at this time," he said. "This is no lame duck; all we are asking is that the new consortium be given a chance to show what it can do."

He said the consortium would run the factory as a commercial concern and independent of the Government. It would be seeking no special help from the Government beyond the regional development aids already available.

Wool price  
boost  
forecast

CANNBERRA, August 23.

MINISTER for Primary Industry, Mr. Ian Sinclair, told Parliament that Australian wool-growers can expect a 20 per cent price boost for their clip in the current selling season.

He said Federal financing assistance will provide the increase. In the budget announced last week details were given of the Government's wool support price scheme, giving an average support price of 36 cents per pound.

In the circumstances, growers should be prepared to pay the 0.4 per cent levy charged for administrative expenses of the Wool Commission, he said, adding the charge will have little impact on growers' returns.

Reuter

Spanish protest  
at peppermint  
price cut

By Our Own Correspondent

MADRID, August 23.

FARMERS in Leon province (north-west Spain) have refused to deliver their crops of about 8,000 tons of peppermint herbs to local traders. The farmers are protesting against the new price of Ptas. 1,350 for green peppermint leaves recently established by the traders as against a price of Ptas. 2,500 (about £15) per ton paid last year.

Most of the peppermint herbs are distilled locally by the traders and the condensed essence is exported to mainly EEC countries and Cuba. Some of the traders say that they are offering lower prices because the breakdown of talks with Cuba may hinder exports to that country and force them to sell at lower prices to European buyers.

The farmers have threatened that if the prices are not raised to their former level, they will present their case to the anti-monopoly court and, in addition, take over the distilleries and form an association for the direct export of the finished products.

EGG IMPORT LEVY  
REDUCED

A reduction in the general import levy on egg grades over 12½ lbs per 120 eggs was announced by the Ministry of Agriculture last night and comes into effect today. The levy on shell grades and eggs not in shell are reduced from 12½ to 11½ pence per 120 eggs. The levy on liquid eggs not in shell is reduced from 12½ to 11½ pence per 120 eggs.

Fur traders to ban sales  
of rare animal skins

BY GODFREY BROWN

FUR COATS from some of the more exotic wild animals now threatened with extinction will not be sold for much longer, if an international scheme announced yesterday is successful.

From the beginning of next month, a voluntary ban on the sale of fur skins of "seriously endangered" species, and a three-year temporary moratorium on two other species, will come into effect.

The measures are being brought in by the International Fur Trade Federation, which represents the 23 main fur-consuming countries in the world, in conjunction with the World Wildlife Fund and the International Union for Conservation of Nature and Natural Resources.

The five species in serious danger of extinction are the leopard, snow leopard, clouded leopard, La Plata otter and giant otter.

The leopard and cheetah are not immediately endangered, but the three-year temporary ban on sales of their fur is to enable a survey into the position of these two animals to be carried out.

Fur traders subscribing to the pact pledge to refuse to handle the skins of endangered species, other than existing stocks, duly approved and stamped by the International Federation. They will display a plaque and certificate to this effect at their stands.

The fur traders admit that

Details of the scheme were their only sanction is public opinion: it is their hope the public will buy fur only from establishments displaying the plaque. A trader who played the plaque but blatantly defied it would be "drummed out" of the Association.

Mr. Leslie McMillan, treasurer of the International Federation and chairman of the joint conservation committee, said existing supplies in Britain of the five animals on the complete ban were very small, since the animals had been seriously in danger of extinction for various reasons for some time.

Last September they had issued to members a recommendation that they should not deal in leopard skins. This had been largely implemented and members' use of these furs had dropped by about two-thirds.

London is the centre of the world's fur trade, which earns some £55-60m. a year in foreign exchange. The cash effect of the self-imposed ban on the threatened species was put at £5m. "at the outside" to the U.K. and a possible £1-2m. on a world basis. But it is a diminishing asset anyway.

Mr. McMillan said that as a result of the conservation measures, it may be possible to work out in future a "sustainable yield" and not only maintain but increase the population of the vulnerable animals.

See News and Matters Page 14

## India faces food grains surplus

BY OUR COMMODITIES STAFF

INDIA faces the problem of a surplus of food grains in 1971 and second year that under the grain supply agreement with the U.S. India is not allowed to export food grains.

The accord under which India receives U.S. grain—better known in the U.S. as Public Law 480—enables developing countries to pay for American grain in their own domestic currency which is then held in local banks and drawn on by the developing countries themselves for aid projects by periodic agreement.

The quantity of rupees deposited in Indian banks under the agreement has caused acute embarrassment to the U.S. Government's total annual budget.

Fears have been constantly expressed that if the funds were released at too great a pace, there would have an inflationary effect. In May last year it was officially stated that rupees deposited under PL 480 accords had totalled more than 12,840m. rupees (£1,213m.) since 1966.

Mr. Shinde said that in view of India's increasing self-sufficiency in food supply, the Government had already begun to regulate food imports more strictly.

About 400,000 tons of grain were expected to arrive in India under PL 480 agreements during the next few months, but no new commitment to food imports was being made under the agreement. Mr. Shinde did not say what would happen to the U.S. rupees holding in India when the agreement ended.

See News and Matters Page 14

SYMPOSIUM ON  
FORESTRY GAME

A SYMPOSIUM on forestry and game is to be held by the Forestry Commission at its Fordingbridge headquarters, Hampshire on October 5 and 6.

Papers and discussions will be concerned with the management, exploitation and economic value of woodland game—both deer and winged game.

Higher sugar  
output in  
West Indies

BRIDGETOWN, August 23.

THE West Indies Sugar Association's latest estimate puts sugar available for export at 974,627 long tons.

Production for 1971 is estimated at 1,133,307 tons against 1,084,216 tons in 1970.

Member countries' estimated production (1970 in brackets): Antigua 11,200 (4,358); Barbados 134,552 (154,979); Guyana 380,000 (311,149); Jamaica 389,400 (370,473); St. Kitts 24,891 (26,774); Trinidad 213,164 (216,501).

The Barbados, St. Kitts and Trinidad figures are final, subject to store turn-out.

## COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Turned lower during rather thin trading on the London Metal Exchange. The major factor was the larger than expected rise to a new record level in warehouse stocks. Otherwise, the market was little affected by either the resumption of foreign exchange dealings or by the political developments in Zambia. Turnover, 8,000 tons.

Henry Gardner and Co. reported that in the morning cash wirebars traded at £25.5, 45.3, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 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## American News

### Dr. Castro meets U.S. volleyball players

HAVANA, August 23. Cuban Prime Minister Fidel Castro shook hands, signed autographs and chatted with the U.S. volleyball players before they met Cuba, in the North, Central American and Caribbean championships here. Wearing as usual his olive-green fatigues and cap, the Cuban leader, in good spirits, told the players he hoped there would be more sports exchanges between the U.S. and Cuba. "The more exchanges the better," he said, expressing the hope that Cuban teams might soon go to the U.S.

Full security measures were in force outside and inside the round, covered stadium when Dr. Castro arrived. He went straight to the players changing room and started talking with Puerto Rican and Cuban women players and with the President of the Central American and Caribbean volleyball federation. He was apparently ready to go and watch the game when an American player went up to him and handed over a U.S. pennant. Dr. Castro then went over to the U.S. team and shook hands with the players and the delegation officials.

Eyewitnesses said Dr. Castro first started to talk with an interpreter who said in Spanish, "I'm glad you are here." But setting impatient with his interpreter, he then switched to English. He talked mainly about sports, asking questions as to how they played at school or at university. After he gave a seven-minute interview to the American Corporation, answering only previously agreed questions on sports.

### QANTAS TRIES TO REMOVE JUMBO BAN

SYDNEY, August 23. Captain Robert Ritchie, general manager of Australia's international airline, Qantas, is here to-day for Washington where he will discuss the U.S. ban on Jumbo jets operated by the airline. In Washington, Captain Ritchie will be joined by Australia's director of civil aviation, Sir Donald Anderson, who leaves here to-night. Reuter

### THE BOLIVIAN COUP

## Scant hope of stability

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

IT IS easy to be cynical about Bolivian politics in general and events of the past few days in particular. In Bolivia the usual pattern is for presidents to trip and trip out of the presidential palace every 18 months or two years leaving the pitiable state one of the poorest countries in Latin America unchanged. The record of the last decade or so gives the impression of a series of presidents who have been playing musical chairs the tune of machine gun fire. Civilian President Victor Paz Estenssoro, the one time revolutionary leader of the upheaval of 1952 tries in 1964 to hang on to power unconstitutionally. He is joined by General Barrientos and vando who then rule jointly. Barrientos resigns his co-presidency to run for elective office and Ovando rules alone. Barrientos becomes president. Barrientos dies in a helicopter accident caused either by his own drunken aerobatics or a well placed assassin's bullet on the ground. Then the vice-president Luis Adolfo Siles takes over. He is in turn ousted by Ovando. And Ovando removed by the Army Chief of staff, General Juan Jose Torres, all the stink of a scandal of offeering on arms sales to the little East. Then Torres goes.

Ovando régime was proving itself not only corrupt but self-contradictory, incompetent and brutal. The right wing of the Army and the civilians decided that he had no reason not to make a clean sweep of his military opponents. Popular enthusiasm for his advent to power was such that he could have armed his civilian supporters and

Hugo Banzer, his chief conservative opponent, dug himself in. Torres's left-wing critics said that he had no reason not to make a clean sweep of his military opponents. Popular enthusiasm for his advent to power was such that he could have armed his civilian supporters and

Col. Hugo Banzer waves to crowds from the Presidential Palace in La Paz after overthrowing the Government of President Juan Jose Torres on Sunday.

Ovando the people of La Paz made their own voice heard. Demonstrations made it plain that, if they wanted Ovando out, they did not want Miranda in. General Torres, a nationalist, popular with the working class in La Paz, was drafted, willingly, to the presidency. The first impression he gave was that he would be the man to bring back the heady days of 1952 when the political balance of the country swung heavily towards the peasants, the workers and the miners. Had he not said that the Army should not forever be "the Praetorian guard of the oligarchy." Once in power, however, he proved himself a great deal less radical. He was certainly not the master of the armed forces whose leading officers were—and remain—deeply split politically. Some officers opposed to his policies he sent off to distant provincial commands, others he was not strong enough to wrinkle out on his own. In La Paz, the principal barracks, the military academy General

and East of the country. There has traditionally been hostility between Santa Cruz and La Paz. The former is a lowland town, the seat of a very large landowners who run farms or ranches in the surrounding countryside. Nearby is Camiri, the centre for the booming oil and natural gas business. The more European *crucero* would rather look towards Argentina and perhaps Brazil than to La Paz, a city perched 12,000 feet up in the Andes, inhabited by brown men descended from the Incas. In Santa Cruz officers who had been edged out of positions in La Paz into the provinces by Torres joined with members of the Right-wing Falange Socialista Boliviana, more conservative sections of the once revolutionary Movimiento Nacionalista Revolucionario of Dr. Paz Estenssoro and local landowners to plot Torres' downfall.

One plot failed, but in the past few weeks the conspirators, alarmed by Torres' continuing radical pronouncements and the radical activities of the Left-wingers who surrounded him decided on a further attempt. The establishment of Congress and the call by junior officers for the setting up of a really revolutionary army was the signal for action.

### Air Force

The Right-wing officers could count on better-trained troops. The garrison in the Miraflores barracks and the Academy in La Paz, the garrison at the mining centre of Oruro, the U.S.-trained Rangers who had wiped out Che Guevara and his guerrillas in 1967, and troops throughout the south and east were all on the left. In La Paz they faced the hastily mobilised popular militias of students and trade unionists, and, until it changed sides, the Air Force and its ancient but frightening Mustangs. In Oruro, the tin capital of Bolivia, it faced thousands of miners armed with their dynamite. The regular troops were more than a match for their ragtag opponents. Banzer became Bolivia's third President in less than 12 months and the country's 58th President in less than 150 years.

But this is far from the end of the story. Although the Government can rely on support in the south and east, the most important region of the country is the Altiplano where La Paz is situated and where tin, the country's only important export, is mined. The people in La Paz and the tin miners are solidly against the new Government. There will be little stability under Banzer, and he is unlikely to last any longer than most Bolivian Presidents.

## Second case of contaminated canned food discovered in U.S.

BY JUREK MARTIN

NEW YORK, August 23.

A SECOND case of the discovery of the contamination of canned foods with the potentially lethal botulism poisoning has surfaced in the U.S. This instance involves soup produced by Campbell's, the largest soup manufacturer in the country. Unlike the previous case this summer, no deaths have so far been traced to the presence of this deadly toxin, the existence of which was discovered by the company itself in the course of one of its quality control tests at one of its plants in Paris, France.

The Campbell announcement over the week-end said that the company was recalling all the chicken vegetable soup packed at the Paris factory after it was discovered that part of one day's output had been contaminated.

### Paralyse system

The offending day was July 15 and the company said that it managed to recover 56 per cent. of the approximately 4,000 cases

(each containing 24 or 48 cans of the condensed soup) that had been distributed in 16 states in the south and the west. This was the first recall for suspicion of botulism poisoning in the company's history, Campbell's said. Botulism poisoning can paralyse the nervous system. It is caused by the toxin botulin, which is produced by the bacterium, *clostridium botulinum*. Normally the germ is killed off by thorough heating and cooking of the canned items: until two cases emerged this summer, instances of it occurring in commercial products in this country were very few and far between. According to official figures only 50 people have died from it in the U.S. In the last ten years, almost all of them after consuming home-canned or home-bottled foods.

However, national attention was focussed on the disease by the death on June 30 of a New York banker and his serious illness of his wife after both

### HANOI REACTS

SAIGON, August 23. HANOI Radio reacted with unusual speed to-day, calling Vice-President Nguyen Cao Ky's withdrawal from the South Vietnamese Presidential race "another failure for the Americans and President Thieu in their arrangement of this election farce." The broadcast was monitored in Saigon only two hours after Mr. Ky made his announcement. Usually it takes Hanoi several days to react to news from Saigon or the West. Thieu is the only candidate in the October 3 election although Ky's name apparently will stay on the ballot. UPI

SAIGON, August 23. Reuter adds from Saigon: Mr. Ky proposed that he and President Thieu, who he accused of planning to use the election to consolidate his personal power, should resign together to permit free elections. The chairman of the Senate, Mr. Nguyen Van Huynh, could take over the presidency for the three-month period in which the new elections could be held, the 41-year-old Vice-President reversed its decision at the week-end.

In refusing yesterday to take up the opportunity to run, there is no one to contest the incumbent President Thieu. On August 20, another potential candidate, General "Big" Minh, announced that he would stand in order to avoid being involved in "a hateful farce." He went on to accuse President Thieu of fraudulent electoral practices.

### Run up

Although Mr. Bunker met yesterday with President Thieu to consider the situation, there was little indication that Mr. Ky would alter his position. However, in view of the U.S. embarrassment at an uncontested election, last minute changes are not ruled out in a run up which has already produced many turnabouts.

Mr. Ky had originally announced his intention of contesting the election, due to be held on October 3. However, his candidature was disqualified by a Supreme Court decision which required sufficient requirements to qualify. Under pressure from the U.S. Ambassador in Saigon, Mr. Ellsworth Bunker—and it seems on instructions from President Nixon—the Supreme Court suddenly reversed its decision at the week-end.

Mr. Ky said: "On the basis of the legal irregularities involved and weighing the personal considerations, I have decided not to take part in the elections." "has shown no concern for the country," the law and is determined to make use of the elections to consolidate his own power."

### European News

### Balkans support Ceasescu

By Michael Simmons, East European Correspondent

CONGRATULATORY messages from the Albanian leaders and from President Tito of Yugoslavia were among those received by President Ceasescu of Romania yesterday on the occasion of his country's National Day. At the celebratory parade through Bucharest he was joined on the reviewing stand by a high-level military delegation from China. On this occasion he was also joined by Mr. Leszeko, a Soviet Deputy Prime Minister, but not by any other senior functionaries from Eastern Europe.

It was reported from Hong Kong yesterday that China had used Romania's National Day to emphasise the "revolutionary friendship" that existed between the two countries. They were described as "close brothers who have sympathised with, supported and helped each other."

China's message can hardly be said to be very formal congratulations to President Ceasescu. The Romanian Ambassador in Peking, Mr. Aurel Duma, used the Peking reception to underline the "friendly and fraternal" relations between China and Romania, saying the "militant" unity of the two peoples had been "constantly strengthened in the common struggle against imperialism, policies of strength, authoritarianism, and aggression."

### Finno-Soviet power deal

By Our Own Correspondent

HELSINKI, August 23. IMATRA, Volin. Oy, the State-owned power utility of Finland, has signed two big atomic power contracts with Technopromexport of the Soviet Union. The first, valued at about Fmk550m. (258m.), is for a second nuclear power station.

The second contract, worth about Fmk120m. is for fuel for the first station which the Russians are now building at Loviisa, on the south coast, east of Helsinki. Loviisa One is scheduled for completion in 1976, Loviisa Two in 1978.

The fuel contract for Loviisa One foresees fuel deliveries for 20 years at fixed prices. The two parties have agreed in principle that a similar fuel contract will be signed for Loviisa Two.

### BULGARIA

## Primacy of the old guard

BY PAUL LENDVAI

THE RUMOURS about joint East-European military manoeuvres and three other veterans in their mid-seventies were re-elected as members of the top party body. As a result, the Bulgarian Politburo with an average age of 63 is the oldest in Eastern Europe. This lack of change is generally regarded as a demonstrative concession to

past, Todor Pavlov, the 81-year-old erstwhile ideological pope of the Stalin era and three other veterans in their mid-seventies were re-elected as members of the top party body. As a result, the Bulgarian Politburo with an average age of 63 is the oldest in Eastern Europe. This lack of change is generally regarded as a demonstrative concession to



Todor Zhivkov, Bulgarian party leader.

### In defiance

Though Bulgarian officials deeply resent the implications made in remarks by foreign visitors that they are a mere dependency of the Soviet Union, it is a fact that no East European country is integrated so closely—and not only in the economic field—with the Soviet Union as Bulgaria. This in turn means that major personnel and policy decisions are unlikely to be made without the knowledge, let alone in defiance, of the Kremlin. It is safe to assume, therefore, that the continued primacy of the old guard in the leadership and the switch from a limited experimentation with economic reforms back to recentralisation reflect the Soviet opposition in favour of continuity. On the eve of the Party Congress, for example, Bulgarian officials and diplomats confidently predicted in private conversations that a radical rejuvenation within the top echelons would take place. Nothing of the sort happened and to general surprise the 11-member Politburo remained exactly as it was before. Instead of the faster promotion of able and younger cadres, so often promised in the

the old guard whose influence at the upper and intermediate levels is still considerable. The six candidate members (without voting rights) and those in the Politburo, however, have an average age of only 50.

But there is no Bulgarian Party Congress without an element of drama. It was the sudden fall of Lachezar Avramov, the 48-year-old rising star of the party as Deputy Premier and Politburo candidate member that surprised public opinion and indicated personal rivalries, perhaps even a resurgence of factional struggles behind the deceptive facade of "unshakeable unity." This dynamic and capable functionary was not even elected as a member of the 147-strong Central Committee and a few days later was also dismissed from his Government posts. Though no official explanation was given, persistent rumours both in Sofia and abroad suggested that Avramov was made scapegoat as Minister of Foreign Trade since 1969 for the corruption affair which involved the Bulgarian Merchant Fleet. That

BY OUR OWN CORRESPONDENT

BONN, August 23.

## Berlin agreement reached, may be signed next month

AFTER 17 months of negotiations, the ambassadors of the Big Four Powers—the U.S., Britain, France and the Soviet Union—have completed the text of an agreement to improve the situation in and around Berlin.

The draft will now be submitted to the four Governments for approval. Assuming there are no hitches, the agreement will be signed by the ambassadors early next month.

The two German Governments will then open negotiations with the technicalities involved. Only when these have been satisfactorily settled will the West German Government start procedure for the ratification of the Moscow and Warsaw treaties by the Bundestag.

Although the text of the four-Power pact will not be published until it is signed, much of its contents have been leaked by the West German Press in the last few days. The Government admitted to-day that some of these reports had come close to the truth.

Judging from these reports, the agreement is a highly satis-

factory one that will be of real benefit to the people of Berlin. The Soviet Government, it is said, accepted joint responsibility for ensuring unimpeded access to the city. The control by the East German authorities between West Germany and West Berlin is to be limited to identification, and goods trains and lorries are to be sealed before crossing East Germany, thus eliminating lengthy control procedure at check points.

The Berlin Wall is to be opened to allow visits by West Berliners to the eastern sector of the city. This will put them on the same footing as West Germans. Details of the visits scheme are to be worked out by the East and West Germans.

As to the problem of the West German Federal presence in West Berlin, the Russians appear to have been reasonably conciliatory. The various Federal officers in the city are to be allowed to remain there. Nor will the Russians raise objections to the visits of the Federal President, the Chancellor and Federal Government Ministers to West

Berlin so long as they do not perform "acts of sovereignty" there.

Meetings of the Federal Parliament will not take place in West Berlin nor will there be any more "Bundestag weeks," in which all the Parliamentary committees of the Bundestag transfer their business to West Berlin.

It seems that the Western Allies have agreed to allow the Russians to set up a consulate general in West Berlin. This will be accredited not to the Berlin Senate but to the Western Powers.

The West German Government is not commenting officially on the agreement until it has been signed and published but there is no doubt that the Government is satisfied with it. Apart from containing several practical improvements, it promises to break the deadlock of Herr Brandt's Ostpolitik.

For their 33rd session to-day, the four ambassadors met in the residence of the United States Ambassador in west Berlin and, as hitherto, in the building of the old Allied Control Council.

## German union presses for 10%

BY CHRISTOPHER LORENZ

BONN, August 23.

WEST GERMANY'S union of metal workers, I. G. Metall, is expected to present the employers with a demand for basic wage increases of 10 per cent. and more during the next few weeks. Two of the country's 14 negotiating regions have just made their claims: Hamburg is demanding 10 per cent. and 0.4 per cent. Neither of these figures include fringe benefits such as extra holidays or bonuses. By the end of this week the other 12 will have staked their claims.

The I. G. Metall Board met next Monday to consider the regional demands. A union spokesman said to-day that they were expected to be of about the same size as those made by Hamburg and Hanover and would probably get head office approval.

Although the claims look like being considerably below the average 15 per cent. originally demanded before last year's wage negotiations, this will not make them more palatable to an industry whose profits are under pressure and which is particularly affected by President Nixon's new economic policy.

The Government is concerned that the final settlement should not exceed 7.5 per cent. This is naturally rejected by the union as "completely out of the question." The employers are not expected to make their negotiating position public until the first round of talks start, probably in mid-September, but the offer will be well below 7.5 per cent. With both sides apparently preparing for a lengthy dispute over a wage increase, the Paris area is in order help meet the public transport system's operating deficit.

independent research institute which states that last year the metal industries not only failed to raise its prices, although it may have to think again, if further cost increases, particularly on the labour front, occur. Last week-end Volkswagen raised its prices by an average of 1.3 per cent. and, in the month of August, Opel announced price rises of 3 per cent.

## Mitterrand emerges as the opposition leader

BY ADRIAN DICKS

PARIS, August 23.

M. FRANCOIS Mitterrand, the French Socialist leader and former presidential candidate against General de Gaulle, has received a measure of implicit recognition from the Prime Minister, M. Jacques Chaban-Delmas, as the most serious of his political opponents.

Over the week-end the Prime Minister chose to reply personally to M. Mitterrand's criticisms of the Government's handling of recent price increases in the nationalised industries, and in particular last week's rise in Paris public transport fares.

In itself the letter is unremarkable. The Prime Minister indignantly rejects the charge that the Government took advantage of the August lull in order to raise fares and defends the decision to levy a tax on employers in the Paris area in order help meet the public transport system's operating deficit.

What has made political observers here prick up their ears, however, is the Prime Minister's decision to reply directly to M. Mitterrand's charges—most of which have also been levelled by other lobbies. In doing so, it is argued, M. Chaban-Delmas is helping support M. Mitterrand's credibility as a "leader of the opposition"—a function which does not exist in French politics.

The Prime Minister also suggests that the whole subject of nationalised industry policy be referred to a "serious" debate in the National Assembly, which he would presumably give the Socialist leader the chance to play a leading role.

M. Mitterrand, although he remains far from commanding general support among the opposition, has nevertheless strengthened his position considerably in recent weeks, starting with a regrouping of the Socialists' own forces.

the Ministries of Construction and Architecture were merged at the end of 1968 only to be split up again last July in the course of the Government reorganisation.

Bulgaria within two and a half years has had three different planning chiefs and three different Foreign Trade Ministers. The recurrent spates of administrative reorganisations and personal reshuffles as well as the repeated postponement of the Party Congress and of the general elections clearly indicated deadlock in the debate over the future manner and pace of industrialisation. The new Five Year Plan is still based on a continuing obsession with over-all maximisation of growth and grandiose investment projects. Thus overall industrial output in 1971-75 is scheduled to rise by 55 to 60 per cent. but the production of consumer goods only by 50 per cent. After the publication of the Plan put before the opening of the Congress, Avramov publicly announced a reconsideration of the proportions between heavy and light industries, criticised the "slavish acceptance" of the priority of the heavy industry and pleaded for a more consumer-oriented policy.

Subsequent events indicate that the real reasons for Avramov's disgrace and further personnel changes must be sought in the behind-the-scenes struggles over economic priorities and the settling of scores with those previously in charge of an over-extended economy, plagued as before by inefficient investments, poor quality and low productivity. During the past few years, the Party line swung wildly backward and forward, from free freedom to renewed tightening of the screws. A new economic system, which started on an experimental basis in 1964 and was finally approved by the Central Committee in the spring of 1968, should have revamped the obsolete rigid planning and decentralised the economy.

The reform blueprint was based on more powers for enterprise managers, the use of the profit motive instead of quantitative planning indices, a wage structure more closely tied to production results and a gradual transition to a three-tier (fixed, variable and "free") price system.

Faced with the resistance of many influential functionaries, the much-publicised new system remained largely on paper. By mid-1968, the hardening of the Soviet Party line and the crisis in Czechoslovakia had combined to bring even this limited economic spring-cleaning to an abrupt halt. There followed a long period of wavering ending in a return to full-scale centralisation. The number of vertically integrated trusts last December was halved to 65. More important still, these large corporations are no longer connected links between enterprises and Ministries but act as unified economic organisations. In other words, the previously independent enterprises become more sub-divisions, losing their economic independence.

A similar process is underway in agriculture where some 150 so-called agro-industrial complexes, with average size of 20,000 hectares (about 50,000 acres) each should replace and concentrate the 800 collective farms. Though founded less than two years ago, two banks in charge of financing industry and agriculture were merged at the beginning of this year with the National Bank. By contrast,

### Able man

This unprecedented criticism of a Party document must have accelerated the fall of a man whom the Party leader, Mr. Todor Zhivkov, is said to have regarded as being "far too ambitious." When last July Mr. Zhivkov took over the post of the Chairman of the newly-constituted State Council, he gave the Premiership, held since 1962. It was however Mr. Stanko Todorov, a secretary of the Central Committee who became his successor—and not Mr. Zhivko Zhivkov (no relation of the party leader) the long-time number two in the Government as First Deputy Premier. Mr. Zhivko Zhivkov, only two years ago appointed as Chairman of the powerful Committee for Economic Coordination has now been demoted to the rank of one of the five Deputy Premiers. To add insult to injury, two of his former subordinates have been promoted to the post of First Deputy Premier. The demise of this highly able man, closely identified with the reform course is a further significant straw in the wind. Those who seek radical or at the very least meaningful reforms in Bulgaria must wait a while.



## Other Overseas News

### IN BRIEF

● **SOUTH AFRICAN** Foreign Minister, Dr. Hilgard Muller, said that visits like those of Malawi President, Dr. Kamuzu Banda, contributed to a better understanding of South Africa. He said visits by South African policy-makers to the southern black African states was "having the desired effect" although we do not expect others to agree wholeheartedly with us.

● **GHANA'S** parliament began a stormy debate on an urgent bill which seeks to outlaw the revival in any form of ex-President Kwame Nkrumah's Convention People's Party. Under the bill it will be a criminal offence to promote by any means the restoration of Dr. Nkrumah as head of state or to publicly display his photograph.

Dr. Nkrumah, now 61, has been living in Guinea since he was overthrown by the 1966 coup while on his way to Peking.

● **SOUTH AFRICA** terrorism trial of the Anglican Dean of Johannesburg has been adjourned until September 7. During the adjournment, testimony will be taken from six witnesses in London, including Miss Allison Norman, niece of the late Canon of England governor, Lord Norman.

● **CAIRO**—The International Confederation of Arab Trade Unions warned Britain, Germany and Switzerland against a boycott of Libyan airlines. The Confederation's Secretary-General, Fawzi el-Sayed, called the International Aviation Federation warning that a boycott would be met by a similar boycott of British, German and Swiss airlines in Arab airports.

● **INDIA'S** latest official statistics place the total refugee influx at 7,562,000. The daily arrival rate sharply increased to 60,000 on average per week, 40,000 to West Bengal alone where influx now totals 6,200,000.

● **SEOUL**—23 prisoners broke out of a stockade of armed forces in the west of South Korea raising a wave of North Korean guerrilla attack. Though all 23 were later killed or wounded, the breakout resulted in the capital being placed under special alert and the Defence Minister offering his resignation.

## Kapwewe move astounds Zambia

By Bridget Bloom, Africa Correspondent

ZAMBIA was still awaiting detailed news last night of the week-end's homestead announcement that Simon Kapwewe, a former Vice President and Minister of Local Government, had resigned from his post in order to form a party in opposition to President Kaunda.

At a news conference in Lusaka on Sunday, Mr. Kapwewe promised to give details of the constitution of the new United Progressive Party on Monday and to spell out who, among senior politicians, were prepared to desert the ruling United National Independence Party (UNIP) and support the UPP. It is these names which will largely determine the extent to which Mr. Kapwewe's move threatens President Kaunda's own position.

Sources in Lusaka last night said that although the details were expected soon, the UPP, despite Mr. Kapwewe's announcement, had still not been formally registered as a new party.

### KENYA

## A plot quietly forgotten

By Our Nairobi Correspondent

IT IS PERHAPS still too early to judge whether the ripples that recently disturbed the calm of Kenya's political pond have now subsided. But the fact that the Chief of Defence Staff has lived up to his reputation as statesman and political tactician, who can dismiss "little local difficulties" with a minimum of fuss and a maximum of effect.

Two months ago Kenya was riven by the sudden announcement that anti-Government plotters were to be brought to trial—the first such occasion since independence eight years ago. Twelve conspirators duly appeared including a former justice minister, a cashiered army officer and a university lecturer. Within weeks, the Chief of Defence Staff had resigned, and so had the Chief Justice. Yet today, as a result of his special branch which was rapidly running a name as the best at his job in independent Africa, calm has returned.

### Imprisonment

The "plot" was a bizarre affair. Evidence before the courts presented a picture of a group of politically ambitious but apart from the junior Minister who was only implicated after the trial had started, practically unknown men. The charge, brought in early June, was of conspiracy to overthrow the Government; the accused confessed, and were sentenced to terms of imprisonment ranging from nine to seven and a half years.

The plotters twice tried to subvert the material and moral support of President Nyerere in

# Marcos suspends Habeas Corpus in Philippines

By Harvey Stockwin

MANILA, August 23.

PRESIDENT Marcos, claiming that the Philippines was subject to rebellion and insurrection, has indefinitely suspended Habeas Corpus rights and has said that "if necessary" he would not hesitate to declare martial law.

The surprise announcement—which in effect allows for preventive detention—comes in the wake of increasing political violence, culminating in the throwing of hand grenades at an opposition Liberal Party rally in Manila on Saturday evening, in which nine died, nearly 100 were injured and all the Liberal candidates in the current Senate election were hospitalised.

The President read his proclamation—actually signed on Saturday, but only announced today—newspapers at the Presidential Palace. The proclamation blamed subversives for violence, saying that they had "infiltrated nearly every segment of our society" with the intention of supplanting the present Filipino system with one based on "Marxist-Leninist-Maoist teachings and beliefs." The

Presidential proclamation said that the rebellion was abetted by an unnamed foreign power.

### CHINA

The President said that the extraordinary powers would be used with "prudence and caution" but would continue as long as they were necessary. Asked whether this meant he would declare martial law, President Marcos said he would only do so "if necessary" but if it is necessary I will not hesitate.

The President refused to say whether China was the country involved. He also refused to give details of the circumstances that made the proclamation necessary. Habeas Corpus was suspended in the Philippines Government Commission on Elections in Manila were connected with Saturday's incident. Brig. Gen. Eduardo Garcia, chief of the Philippine Constabulary, said that initial investigation into the Saturday assault indicated members of the Communist New People's Army (NPA) were responsible.

campaign by left wing elements. Yesterday Government activists took custody including, it would seem, the secretary general of the main Maoist student organisation.

But critics of the president are quick to point out that Marcos has implicitly taken the more autocratic powers towards which they have long claimed he would move. When habeas corpus was suspended in 1950, more reasons were provided for the Government action than have been forthcoming on this occasion.

UPI adds: Authorities said they were trying to establish if bomb attacks on Sunday night on a main water line, the Manila city hall and the office of the Philippine Commission on Elections in Manila were connected with Saturday's incident. Brig. Gen. Eduardo Garcia, chief of the Philippine Constabulary, said that initial investigation into the Saturday assault indicated members of the Communist New People's Army (NPA) were responsible.

## Dayan elaborates his 'thoughts'

By Our Own Correspondent

TEL AVIV, August 23.

ISRAELI Defence Minister, Moshe Dayan, in a broadcast yesterday elaborated his ideas on the line which in his opinion Israel has to take in the territories occupied since the Six Day War. Expressing what he called "thought fragments" the

Defence Minister stressed that the permanent border to which Israel should aspire does not necessarily have to provide for the presence of Israeli forces on the Suez Canal but that Egypt, on the other hand, "should learn to accept the fact of Israel remaining at Sharm El Sheikh within the context of a permanent border."

Regarding a permanent settlement with Jordan, Gen. Dayan declared that this must include the continued presence of Israeli defence forces on the Jordan River line and "cannot but provide for Israel's right to settle in any place whatsoever on the

West Bank of the Jordan—provided this is in no way prejudicial to the (Arab) population of these areas."

Until a permanent settlement is reached, there must be Israeli activity in the (occupied) area which is not conditional upon—but without a change in these spheres they will cease to be refugees in the negative personal sense of the word even though they continue to retain the status of refugees as far as property claims are concerned and what they receive from UNRWA," he explained.

Meanwhile, Sheikh Ali Jabari, the Mayor of Hebron, toured Tel Aviv to-day—the first time that an Arab mayor of West Bank towns has visited the city as the official guest of the municipality. He expressed the hope that the Israeli authorities will assist in the establishment of an Arab university in the West Bank and that West Bank students will be admitted to Tel Aviv's

administration which puts off activities or abstains from them altogether. As an example he cited the programme for the construction of new living quarters in the Gaza Strip.

"If the people's lives undergo a change in these spheres they will cease to be refugees in the negative personal sense of the word even though they continue to retain the status of refugees as far as property claims are concerned and what they receive from UNRWA," he explained.

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## Talks advance on Oman entry to Arab League

By Our Own Correspondent

CAIRO, August 23.

A MEETING was scheduled to take place this morning at the Bristol Hotel, Beirut, between representatives of the Ruler of Oman, Sultan Qabus, and of the exiled Imam Ghaleb Ben Ali under the chairmanship of Arab League Assistant Secretary-General Selim Al Yafi.

The meeting is the result of Arab League efforts to bring about a reconciliation between Sultan Qabus and the Imam, who was exiled in 1955 by Qabus' deposed father, Sultan Said Ben Teymour.

Oman's recognition by the Arab states and subsequent entry into the United Nations depends on this reconciliation. The Imam will be represented at the talks by his younger brother, Talib Ibn Ali who has been living with him in Saudi Arabia. The Sultan's representatives are Khalil Ibn Ali Al Khalili and Ahmed Abd Mekki.

The Imam himself arrived in Beirut yesterday from Cairo, where he has been holding talks with Arab League officials since August 10. According to informed sources, the Imam would be willing to effect a reconciliation that

would allow him to return to Oman and be recognised as the country's religious leader, but he is likely to ask for guarantees concerning the country's independence and representation of the people.

The Imam's concern about Oman's independence is understood to refer to its links with Britain. The Imam led an insurrection against the ex-Sultan in the 50's which was put down with the help of British troops.

He has since been living in Saudi Arabia, which together with some other Arab states has recognised him as the true Ruler of Oman. Sultan Qabus seized power from his father in July 1970, and has tried to gain recognition for Oman as an independent country. In March the Imam blocked his application for admission to the Arab League but the Sultan has since won the backing of at least six of the 14 Arab states. King Feisal has indicated that Saudi Arabia would recognise Oman, provided there was a reconciliation between the Sultan and the Imam. It is understood that the Imam will follow the Saudi lead on the matter.

## India may raise Bengal at UN

NEW DELHI, August 23.

THE Indian Government is considering whether to raise the East Pakistan crisis and the influx of 5m. refugees into India at the United Nations General Assembly, official sources said to-day. The sources stressed that no decision had yet been taken. A prime consideration would be whether bringing the issue before the world body would benefit the cause of East Pakistan.

India has so far resisted all attempts to alter the question in the Security Council on the grounds that it is not a dispute between India and Pakistan but between the two and East Pakistan. But the sources expect that the question will be raised in the assembly even if it is not formally inscribed on the agenda. Opportunities could arise in the budgetary committee on the finances of the UN representatives now in East Pakistan or in other forums.

It would not necessarily be India which would take the lead, the sources said. But Foreign Minister Swaran Singh, who is expected to lead the Indian delegation, is certain to refer to the crisis during his policy statement in the UN debate at the start of the session.

## Export News

### LICENSING

## Newall link with U.S. machine tool group

AN agreement has been reached between the Newall Group, Peterborough, and the Cross Company of Detroit for the distribution and service of Newall machine tool products throughout the U.S.

The Cross Company is one of America's leading machine tool manufacturers with factories in Detroit, England and Germany.

The agreement will mean that Newall will have a very strong distribution and service organisation behind its products both in the automotive industry through direct selling by the Cross Company sales organisation and in other industries through a dealer agency network which Cross proposes setting up.

Mr. Ralph E. Cross, president of the company, has stated that he proposes spending a considerable sum of money in organising his distribution network.

A licensing agreement is now being concluded which will give the Cross Company manufacturing rights in certain Newall products in the U.S. The selling agreement was signed in Detroit by Mr. Ralph Cross and Mr. James C. Player, vice-chairman of the Newall Machine Tool Company.

## Rolling mill deal for Italy

THE Poole concern Loewy Robertson Maschinenbau Company, a Davy-Ashmore company, has granted a license to Danieli and C. S.p.A. of Buttrio, Udine, Italy, to build rolling mills and ancillary equipment to process strip, sheet and foil products. It includes the advanced technology for hydraulic position controlled constant gap mills. These mills are capable of producing strip and sheet consistently to high standards of accuracy, with continuous improved yield from the plant.

Loewy Robertson has already sold 25 such mills both in the U.K. and abroad.

Danieli will have exclusive rights for the sale and manufacture of this Loewy Robertson equipment in Italy, and joint exclusive rights with Loewy Robertson in various non-contiguous territories throughout the world.

## Chinese team "explores" U.K. prospects

A 12-MAN telecommunications delegation from China has arrived in Britain for a fortnight's stay as guests of the Government. It is expected to visit some of the leading manufacturers in the country during its stay and on Wednesday of next week to be received by the responsible minister in their field, Mr. Christopher Chataway. At the head of the delegation is Mr. Wang Fusheng, Director of the General Administration of Telecommunications in China, equivalent to ministerial status. Since the visit is primarily of a Government-to-Government nature, it is not expected that any buying or selling will take place.

However, until the start of the Cultural Revolution in 1966-67, China had shown a long-standing interest in telecommunications equipment, even making occasional purchases. It is considered highly likely that substantial purchases could come after this exploratory mission.

The choice of theme for the current visit was made by the Chinese. Mr. Chung is the first visitor of ministerial status to come to the U.K. for several years, and a reception in his honour will be given by the British Government this evening at which the host will be Mr. Frederick Corfield, Minister for Aerospace.

Last May a seven-man electronics team from China, headed by Mr. Teng Kuo-chun, and representing the Chinese National Machinery Import-Export Corporation, visited the International Electronic Components Show in London. It was known at that time that the development of the Chinese electronics industry was being given high priority by the Government in Peking, and that a campaign to increase manufacturing capacity had been initiated.

The present delegation met Mr. W. Ryland, chairman of the Post Office, and Mr. Edward Pennessy, the Post Office's managing director. Its programme takes in visits to the satellite communication station at Goochhill in Cornwall and the Post Office Tower in London. The companies to be visited were last night expected to include Ferranti (in Edinburgh); Telecommunications (Coventry); Plessey Telecommunications (Nottingham); Marconi (St. Albans and Chelmsford); and Pire (Cambridge). U.K. trade with China in 1970 came to about £78m, including a surplus in Britain's favour of just over £11m.

## THE COMMON MARKET

# The first steps to keep home customers happy

ALTHOUGH the argument about whether or not we should join the Common Market is still nominally undecided, it now seems almost certain that we will enter at the beginning of 1973. Many companies will be waiting the final vote in Parliament before doing anything positive about Europe. They may, however, be leaving things too late. Sixteen months can be a very short time in which to enter a new market, particularly in the case of manufacturers of complex products.

For manufacturing companies, entry to Europe will have two basic effects: an adverse effect arising from new competition at home; a favourable effect arising from new opportunities in Europe.

The adverse effect is outwardly controlled and will happen whatever the company does. The favourable effect represents an opportunity and depends upon the company's own efforts. It follows that to do nothing must be harmful.

On the home front the company's current position should be critically examined to find out what weaknesses the new competition could exploit, and on the European front its strengths should be analysed as first steps to using them to develop opportunities in Europe.

"In the last analysis customer loyalty is largely a matter of habit."

In the existing U.K. market no manufacturer can afford to be complacent. In the last analysis, customer loyalty is largely a matter of habit. But habit can be broken only too easily by determined competition, especially when backed with well made, economically priced products.

The first step in making sure that the home base is secure is a really critical analysis of the company's strengths and weaknesses. For example: Is the product really as good as it can be made at the price? Is the price suitable for the market? Do customers get first class

It seems certain that Britain will enter the Common Market at the beginning of 1973. James Lines, chairman of TEAM (Management Consultants) points out in the first of two articles that British companies will have to look to their laurels in the home market if they wish to challenge successfully abroad.

service? Have they even been asked lately whether or not they are satisfied? Do they receive deliveries on time—always, sometimes, or never? How many middle men take an intermediate profit? Could a more direct route be developed?

Is there a firm brand image? Is this supported by good communications?

"Almost every company believes that its own products are the best on the market."

Objectivity is essential. A company's real strengths are often not what they seem to those most closely involved. Almost every company believes that its own products are the best on the market, but the market's product quality is one of its relative strengths. Often, this is an illusion and the real source of strength may be a well established brand name or an unrecognised price advantage.

To have the best chance of meeting the new competition when it comes, the company's products should be known by name, competitive in price, of well controlled quality, be delivered on time and be supported by the best possible after sales service. These things must be true from the customer's viewpoint and not just from the supplier's viewpoint.

If they are all true there is one last question, perhaps the most important of all. When were customers last offered something new—not just a facelift of an old design—but a fundamental re-design of product performance, technical design, or visual design?

This question takes on added importance because the Continent will offer the attraction of novelty on a wider scale than ever before. Even chain store goods bought abroad take on a new exciting "different" image as they cross the frontier on the way home. The attraction of novelty is universal and does not apply just to consumer goods.

Defensive action is, however, not enough. It will help to reduce but probably not prevent all profit erosion by European competition. The offensive battle is the one that takes time to prepare. It is not by accident that military metaphors are used so often in marketing. Reconnaissance, selection of short and long-term objectives, detailed planning and concentration of forces on a narrow front all play their part in a successful entry into Europe.

"The most common weakness in exporting is to spread effort too thinly."

Again, the first step is to be self-aware. Self-analysis carried out as objectively as possible will define what the company has to offer Europe and what resources it has to back entry.

Europe may be one market to an economist, but as every marketing man knows, to a manufacturer it represents a vast range of different but overlapping markets. The most common weakness in exporting is to spread effort too thinly. Any company new to Europe should select a few specific markets, but a few of the highest probability of success, and then concentrate intensive effort on these.

## W. German expansion for Wadkin, Hancock

By David Curry, Exports Editor

WADKIN, of Leicester, which is claimed to be the world's largest producer of woodworking machinery and substantial manufacturers of numerically controlled machine tools, has set up a company in West Germany. Based in Frankfurt, the new company—Wadkin GmbH—is to be the launching pad for boosting the company's sales in Europe, especially within the European Community and the Eastern Bloc, the company declares.

Wadkin, which already exports 45 per cent of turnover, has recently introduced its Timber Tape range of woodworking machines, believed to be the world's first commercial application of numerically controlled technology to a general purpose woodworking machinery.

Wadkin's chairman, Mr. William Sims, commented: "There is no doubt in my mind that there is tremendous international interest in our new range and I am sure that the West German company will help us to take advantage of the undoubtedly technical lead we now have over our competitors."

"We took £250,000 worth of orders in the two weeks in June when we held our own exhibition to launch this revolutionary range of equipment and another £25m. worth of business is currently under negotiation."

Timber Tape is expected by the company to revolutionise production methods in the timber, joinery and furniture industries, because it virtually eliminates setting-up time, a process which in many cases can take as long as two hours.

Wadkin's West German company will initially be a sales venture but servicing facilities will also be provided.

The design and manufacture of large-sized machine tools and systems has been transferred by the Hancock Division of G.D. Peters and Co. from Slough to a new company formed for the purpose in Germany. The manufacture of small and medium-sized machine tools is to continue at its Windsor works in Slough, which remains the centre for Peters' world-wide sales direction.

The new German company, Hancock Bremschneid Automatik GmbH, of Frankfurt, is headed by Herr Rudolf Strauss.

The products concerned are the standard range of line valves for steam services up to a pressure rating of about 350 p.s.i. and one of the ranges in which Dewrance has specialised. Dewrance will progressively phase out all production of standard line valves in this category.

Both companies stress that the changeover will not affect quality and performance. They will continue to co-operate on future designs.

## ECGD backing for £5.5m. deal

THE Export Credits Guarantee Department has signed a Financial Guarantee covering the financing of a £5.5m. contract between the Mirtlees Watson Company and C.A. Central Rio Turbio to build a cane sugar factory in Venezuela.

The Financial Agreement, under which a loan of £4.8m. is being made available, was signed in Caracas between Anthony Gibbs and Sons and C.A. Central Rio Turbio. Anthony Gibbs is acting on behalf of a syndicate of banks comprising Clydesdale Bank, Lloyds Bank and the Royal Bank of Scotland.

## Minister to visit Algiers trade fair

MR ANTHONY GRANT, Parliamentary Under Secretary of State for Trade, will visit Algiers from August 29 to 31 at the invitation of the Algerian Government. During his visit, Mr. Grant will tour the Algerian International Trade Fair where Britain is represented in a national pavilion for the first time.

Algeria is engaged in an extensive programme of industrialisation under her Four Year Development Plan (1970-74) which envisages investment of some £2,230m. U.K. exports to Algeria have been doubling annually in recent years and rose from £4.5m. in 1968 to £16.8m. in 1970. Further substantial increases are expected for this year and British companies have £100m. worth of orders in the pipeline which have yet to appear in the export figures or invisible earnings.

## Hospital equipment

A BRITISH trade mission composed of executives from 11 companies representing a wide range of hospital equipment, medical instruments and pharmaceuticals will visit South Korea from October 5-8.

The group is being sponsored by the British Hospital Export Council and will be led by Mr. C. Hardie, a director of the King Edward Hospital Fund.

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## Consolidated Tin Smelters Limited

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar with effect from 24th August, 1971.

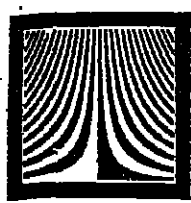
All correspondence and documents for registration regarding the Stock Registers should in future be sent to:—

Lloyds Bank Limited,  
Registrar's Department,  
The Causeway,  
Goring-by-Sea,  
Worthing,  
Sussex.

Telephone: Worthing 44741 (STD Code 0903)

P. J. Norton,  
Secretary.





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ● AUTOMATION

### Air freight paperwork cleared fast

ON TIME and performing considerably better than might have been expected are expressions the man in the street has, unfortunately, ceased to apply to "mammoth brains" or large computer systems.

However, they are the terms applied by the National Data Processing Service of the Post Office to the £5m. LACES system at London Airport which is designed to control the documentation side of goods inward, with special reference to the requirements of custom and excise. LACES has been a particularly hot point of controversy in the press since the then Minister for Posts, John Stonehouse, two years ago announced the decision to go for British-built hardware but to bring in the U.K. subsidiary of a very large software support organisation—Computer Sciences International—to ensure that the complicated system required to run the computers and the terminals associated with them on a round-the-clock basis would be ready within two years from the award of the contract.

The contention on the U.K. software side was that it would have been better to use American equipment but allow the British experts to show what they could do—on the basis that the hardware battle had been lost but the equally important software fight was still to be won.

#### World's first

Be that as it may, the first solution was adopted and Mr. K. Barge, head of CSI (U.K.) told the Financial Times yesterday that in his opinion, at the time the contract was awarded, there was no one else in Europe able to carry the £5m. job through to fruition. This was because the system was the first on-line cargo documentation network in the world and because to get it on line had demanded 190,000 instructions in Cobol for the applications programs alone. So far as he knew, this was one of the biggest Cobol jobs so far tackled in this area.

CSI had also delivered a very large real-time monitor and the emphasis had been on a fail-safe system because one of the im-

portant products of the system was Customs and revenue charges against imports.

Mr. Barge said that although there were a number of somewhat similar jobs for which tenders were out in Europe, his U.S. partner company had not provided "more support than we would normally expect". The job had been done well and with a great deal of European support because very tight management control had been applied during the two years with extensive use made of PERT. Of major significance too had been the wealth of experience CSI could draw on in the U.S., Canada and elsewhere. Finally, the company had been determined to meet the challenge because of the importance it could have in other fields.

Equipment on site includes two System 472 central processors and supporting peripherals from ICL worth £1m., and £1m. of TV type displays from Cossor of which some 180 are already in the system. The full system will have 220 of these plus some 60 Teletype terminals. The remainder of the money

covers NDPS costs and the building for the centre. At the moment, the system is working in conjunction with KLM and the remaining airlines are expected to be added over the next several weeks.

#### Trial runs

The system was ready, on time, by July 1 and since then has been subjected to what NDPS describes as exhaustive tests which include pilot runs in conjunction with Customs and BOAC and BEA. Over 1000 of the agents' airlines and Customs staff have been trained in the use of the terminals linked to the Harmondsworth centre.

Expenditure of an estimated 500 man-years of expert systems and programming effort has resulted in the establishment of a system which puts Heathrow two years ahead of any other major airport in the world. If it can move smoothly from testing to everyday use and provide the vast speed-up in cargo handling and release for which it was designed, the teams which established the system will be able to draw on their success anywhere in the world.

## ● METALWORKING

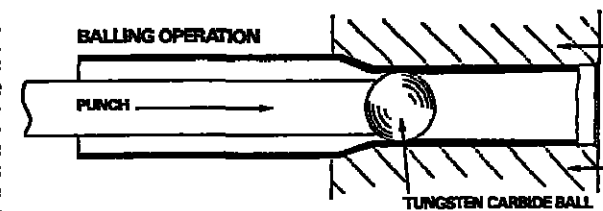
### Tubes shaped with precision

PRECISION tungsten carbide balls for use in "ballizing"—a cold worked bore sizing process which produces a high degree of finish and constant dimensional accuracy—are available from Spheric Engineering, Crawley, Sussex.

The maker claims that the accuracy of the finished hole is about 10 times greater than the original hole. The slightly lubricated high surface finished ball is hydraulically driven through the undersized tube, which is clamped in a die. The tube material undergoes plastic deformation near the surface, followed by "spring back" after the ball has passed. This produces a hole of consistently precise diameter, a work hardened surface and a high degree of surface finish.

Ballizing can be carried out on metals to 40/42 Rockwell Scale C hardness, and on case hardened mild steel. For harder materials the hole is processed after heat treatment, or ground prior to ballizing. The maker states it is

possible to hold the bore and outside diameter to a tolerance of 0.004 inch. Spheric Engineering is believed to be the only company in Europe manufacturing tungsten carbide balls for bore sizing. The company, which has been in operation for about five years, makes balls in a range of diameters from 0.05 to 35 mm., tungsten carbide balls.



As shown here Accles and Pollock use tungsten carbide balls in the production of an energy absorbing steering column component. Ballizing is carried out over a section of the tube (of reduced diameter) to size the outside and inside diameters holding the resultant bore and outside diameter to a tolerance of 0.004mm and eliminating the original taper caused by the reducing operation.

## ● POLLUTION

### Incinerator for oil wastes

FOLLOWING an Alberta government ruling prohibiting pollution from the burning of oil wastes around oilfield operations, Kenning Oilfield Services, of Calgary, has developed a burn-off incinerator which fits into the wastes pit holding unwanted substances that come to the surface with the oil.

Until the government's decision these waste pits were fired, but the black smoke produced was considered a major air pollution problem. With the incinerator operating the waste is burnt without smoke emission.

## ● MATERIALS

### Stainless facing alloy

A HARD-FACING alloy by Stubbs Welding comes in two versions—701 as an electrode and 701A for oxy-acetylene. It is a cobalt-chromium-tungsten alloy with outstanding resistance to abrasion and heat. The deposit metal is also corrosion-resistant.

This new alloy has various applications in maintenance welding—including use on mixer paddles, pug mill blades, conveyor and mixer screws, earth-moving equipment. With a temperature stability of 600 degrees C. apart from being heat and abrasion resistant, it has other advantages.

There is low coefficient of friction and it takes a high polish. Among its important mechanical properties is its tensile strength—up to 40 tons/square inch. It has a hardness up to 54 RC. Stubbs is at Scotland Road, Warrington, Lancs.

## ● SECURITY

### Anti-theft device

TAMPER with a car fitted with a Minitronic burglar alarm and the horn will sound, says the maker, Stafford King (Electronics), Cambridge Road, Kingston on Thames, Surrey. Stated to be easy to install, it operates on the "disturbance" principle, but can be adjusted to differentiate between "disturbance" and casual movement caused by wind gusts or passing traffic.

Claimed to be a unique feature, the alarm automatically switches off five to 10 seconds after the interference has stopped and resets itself.

## ● COMPUTERS

### Evaluates data tapes

A MACHINE that will classify, repair, clean, test and rewind computer magnetic tapes with minimum operator action has been made available by Computer Ancillaries of Central Trading Estates, Staines, Middlesex. Known as the model 1000 and manufactured by Computer-Link Corporation, it enables dirt, oxide wear, edge damage and drop-outs to be identified, located and corrected before the tape is used on a computer.

The machine has a resettable error counter that switches off the output printer when the preset number of tape errors has been reached. Thus tapes can be classified according to the number of errors they contain without having to rely upon operator judgement or memory.

A special "repair location" facility advances the tape automatically to where it contains the majority of errors, enabling that section to be cut out and the tape then restored to an acceptable condition for use.

The model 1000 is calibrated using the computer's master tape-drive calibration tape. Such compatibility calibration is essential says the company, since otherwise the evaluator would report bad tapes as good and vice-versa, thus negating its basic purpose which is to detect defective tapes before the computer does. Versions are available for 7 and 9 channel data formats at densities of 800 or 1600 bpi. All have complete cycle time of less than 6 minutes, measures 28 x 28 x 17 1/2 inches and weigh 126 lbs.

### Scribing by laser

WHAT is claimed to be a low cost laser scribing system, the Model 130A, has been introduced into the U.K. by Avo International of Dover, Kent. Made by TRW Instruments, the system utilises a high pressure, transverse discharge CO<sub>2</sub> laser.

Measuring 40 x 22 x 60 inches, it is designed for micro-circuit applications and scribes several inches per second in a variety of materials to provide exceptionally clean cuts. The table is fully automatic with a three x three inch X-Y motion and rotary operation. Rotary adjustment is accurate to 30 seconds of arc and spot positioning accuracy is 0.0005 inch.

### Dressing grinders

CONCAVE profiling is an important feature of a new grinding wheel dresser, the Temform, made by Kren Yarker, Coventry Road, Leamington Spa. The Temform, for use on cylindrical grinding machines, will form any combination of radii and angles using the template and stylus principle. The diamond cutter and the automatic with a three x three inch X-Y motion and rotary operation. Rotary adjustment is accurate to 30 seconds of arc and spot positioning accuracy is 0.0005 inch.

## ● METRICATION

### Marking metric items

DESPITE FIERCE rear guard actions attempting to put off the evil day, decimalisation of our coinage conveniently occurred overnight and now seems to have been generally accepted. But in industry it is a very different story—a wide range of "conversion days" have been set, through to the end of 1975, and even then the process will not be complete.

However, the Government has made it clear that metrication in industry must and will take place, and to assist the process the Metrication Board, Kingsway, London WC2B 6LE, is available to offer advice and publications detailing how best to bring products within the general plan. The Board's latest "Metric Memo," suggests that items which are already wholly metric should be identified by some mark, for example, the well-known "metric key," or the Ministry of Defence, which is a capital M in a circle. (For conversion which is part metric and part imperial be generally accepted. But in industry it is a very different story—a wide range of "conversion days" have been set, through to the end of 1975, and even then the process will not be complete.

Since, when all items are metric, the signs will be discontinued (but prior to full metrication will be in increasing use), the Board then makes the more sensible suggestion that items, still fabricated or supplied in imperial measure should be identified. This additional marking will decrease as fully metric equipment takes over. It may also have the effect of making industry accept metric items more readily to avoid the problems of additional marking.

## ● PROCESSING

### Curing unit stops pollution

PREHEATING, impregnating with resin, and curing of small components at Brookhirst Igranite used to be done on the night shift because noise, smell and smoke produced a pollution problem. The plant could get through six cycles in a shift, producing a total of 500 components. Plant treating 2,000 components in 16 cycles on the 8-hour day shift has now been supplied by Barlow-Whitney, Bletchley, Bucks, and the company states that the new installation is much more compact than the old.

The plant installed includes a 24 inch x 24 inch autoclave and resin storage unit, and six vertical loading electric ovens with 24 inch cube chambers, two used for preheating and four for curing. Rated at 6kW they provide temperatures up to 200 degrees centigrade. The vertical ovens were used because they can be served by the same overhead hoist and runway system loading the impregnation unit. Components are loaded on jigs on which they remain throughout the cycle, which includes preheat at 50 degrees centigrade for one hour, and after impregnation, curing for 45 minutes following heating to 140 degrees centigrade.

### Mechanised diamond polishing

A MECHANICAL "pot" (diamond holder), which enables a polisher to work the stone without the necessity of moving it by hand, but giving easy access to the various parts of the diamond through the mechanical movement of the "pot," has been invented by an Israeli diamond worker and has been awarded a prize by the Israel Diamond Manufacturers' Association, Diamond Exchange Building, Ramat Gan, Israel.

The award was made as part of a drive to mechanise diamond polishing. Two new machines developed by Prof. Z. Zarnitsky of the Technion Institute of Technology, Haifa, are now being tried out prior to commercial production. One automatically grinds and polishes the four lower facets of the diamond—one worker can supervise six machines—while the other mechanically polishes the girdle or rim of the stone.

### Mechanical onion peeler

THE problem of peeling some 25,000 tons of onions each year is enough to bring tears to the eyes of the U.K. pickle industry.

By traditional methods, women hand peel the onions with an average output of about 1 cwt per 8-hour day, but rising labour costs combined with increasing reluctance of workers to do such unpleasant work have resulted in mechanised methods being sought.

Various methods, including chemical, flame and abrasive treatments of the skins, have been used, but none has so far resulted in as good an appearance as hand peeled onions. However, a system claimed to give equivalent standards to hand peeled onions has been devised.

Known as the "La Togaro," the system involves four main operations. First, the operator places the onion on to a carrier wheel hook with its axis at right angles to the direction of travel.

Once the onion is securely held by a clamping device, top and tailing knives slice both ends off. Then slitting knives penetrate the brown scale layers and slit the onion from top to tail.

At this stage the onion is subjected to a blast of air at pressures between about 40 and 65 psi to remove the skin. A secondary machine reprocesses those onions that have not been satisfactorily peeled.

This equipment, manufactured by Matzer and Platt, has already been installed in British factories, and machines are being delivered to several Australian concerns. Users of the equipment have achieved outputs of up to 6.25 tons per 8-hour shift when operating on 25-35 mm. onions with 10 primary units and one secondary machine operated by a total of 30 workers.

Using hand peeling, this would require about 125 workers. The company's address is Park Works, Manchester, 10.

## ● FARMING

### High output crack and grind mill

DESIGNED to meet the needs of farmers and provender millers who need an output in excess of 1 ton/hour, a crack and grind mill has been introduced by R. A. Lister and Co., of Dursley Glos. The mill can be incorporated into a farm-feed installation and can be supplied to accept one ingredient only, or can be fitted with a 6-channel proportioner unit. Driven by a 25 hp electric motor, it is fitted with replaceable cracker bars against which the grains are thrown to crack and break the outer skins prior to final grinding by 40 hammers

—reducing the power load and prolonging the life of hammers and screen.

An auger system conveys the ground product from the grinding chamber, eliminating the usual dust problem. When using a 6-channel proportioner unit the mill prevents production of unbalanced ration by automatically stopping if flow of any ingredient ceases.

Mill output varies according to ingredients, their moisture content, and the proportion of the total mix to be ground. For example, when producing a mixture consisting mainly of barley through an 11-inch screen, output is about 1 1/2 tons/hour, while grinding cereals such as maize, or including a substantial proportion of ground ingredients, or operating through a coarser screen, the output is greater. Screen range from 3-32 inch to 5-16 inch.

## ● TRANSPORT

### Shunter for road or rail

BRITISH diesel engines are being used to power rail shunting engines called Trakmobiles capable of operating on both road and rail—which are being manufactured by NCM of Holland under licence from Whiting of the U.S. The five-ton vehicles, fitted with three-cylinder engines supplied by Perkins Engines, of Peterborough, will replace 14-ton locomotive shunting engines.

A French concern has placed the first order for the shunter following completion of tests in Holland. Operated by one man, the engine can pull a load of 24 wagons with a combined weight of 378 tons at 5 mph.

To change from operating on rail, the driver can bring into use a set of four pneumatic road wheels enabling him to drive straightaway to his next location.

The Perkins three-cylinder engine, weighing only 457 lb, develops 42 bhp at 2,000 rpm. A hydraulically operated coupling device is designed to effect a significant weight transfer from the leading wagon to the Trakmobile, in order to give the necessary traction.

## ● HANDLING

### Pedestrian forklift truck

PEDESTRIAN controlled, with a capacity of 3,000 lb. at 24 inches, the latest model in the range of forklift trucks made by Kelving Engineering, London Road, Basing, Hants, has a 5 hp traction motor and can climb a 1 in 10 gradient fully laden. Lift speed is 20 ft/min. fully laden, on 16 in. standard forks. Overall length to heel of fork is 77 in.

### Computer assisted plotter

A NEW series of flatbed plotters aimed at such industries as aerospace, shipbuilding and motor-car production has been put on

the market by Ferranti's information equipment group, Ferry Road, Edinburgh EH8 2XS. The plotters, designated EP150, are modular in construction and range in draughting area from 2 x 2 metres to 8 x 2 metres.

The standard range of Ferranti plotter control hardware is available for the new machines including linear/circular interpolators and character/vector generators to simplify input data. The plotters can be operated off line, via a paper or magnetic tape, or on-line to a digital computer. Capabilities can be further enhanced by an optional controller based on a PDP-8 computer. By using the controller the need for a remote computer service is eliminated for such operations as parabolic interpolation, "rotation," "windowing" and similar functions.

An extensive software library is available providing routines for curve fitting, n.c. tape verification and contouring, as well as for general-purpose drawing. Ferranti claims that the cost of the new EP150 machines is significantly lower than any competitive system.

## ● PLASTICS

### Wood finish is stable

ACCORDING to Sonneborn and Rieck, of 90-95 Peregrine Road, Iainault, Essex, one of the disadvantages of two-pack polyurethanes in the past has been instability in the can when the type of finish is stored for a long time. The company claims that with its new 90 49 A & B type, this trouble has been eliminated and that the new product is fast drying, reason-

able in price and combines the high resistance properties associated with synthetic materials with a standard of finish hitherto unavailable from polyurethanes.

Sonneborn and Rieck state that wood finished with the new material showed no adverse effect when treated with boiling water, coffee, nail varnish remover, vinegar, fountain pen ink and lemon juice.

### Cooling tower packing

A TYPE of cooling tower packing assembled from specially shaped plastic plates has been introduced by Serek Viseo of Stafford Road, Croydon CR9 4DT. Known as Conifo, it consists of number of plates which fit together to form a number of hexagonal tubes ribbed so that water running down them is constantly turning over. Also each tube is a spiral flight which forces it to the outside surface of the

tube, ensuring maximum air to water contact.

The plates pack flat for shipment. It is only when they are then reversed and stacked together that hexagonal tubes are formed. One cubic foot of stacked plates says the company, becomes 44 cubic feet of extended packing. Also Serek Viseo claims that cooling tower efficiency is increased without any increase in volume.

TO THE SHAREHOLDERS OF

## USIF, REAL ESTATE

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SHAREHOLDERS' MEETINGS HAVE BEEN ARRANGED AT:

Sheraton British Colonial Hotel  
Nassau, Bahamas  
Wednesday, 8 September, 1971 at 10 a.m.

Hotel La Siesta  
Panama City, Panama  
Friday, 10 September, 1971 at 10 a.m.

Hilton Hotel  
Düsseldorf, West Germany  
Tuesday, 14 September, 1971 at 10 a.m.

Hilton Hotel  
Hong Kong  
Tuesday, 21 September, 1971 at 10 a.m.

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P.O. Box N 7788, Nassau, N.P., Bahamas





## Reactions to U.S. economic measures

## Measures soon to aid Community agriculture

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

WITH ALL of the Common Market's currencies except the French franc floating to one degree or another against the dollar, the Brussels Commission is to take action later this week to prevent distortions in Community agricultural trade and prices.

As no parties have officially been changed, the Commission is expected to extend the application of the "compensatory measures" already existing at the German and Dutch borders. The measures, made up of a system of taxes and rebates on farm goods, were introduced after the D-Mark and the Dutch guilder started to float in May. Under the rules of the Common Agricultural Policy, farm prices in the Community are fixed in "units of account" (equivalent to the gold parity of the U.S. dollar). This means in theory that if a member country's currency floats upwards from its gold parity, the price of farm goods should rise. If it falls, the price should become cheaper, while in the event of a downward float—or a

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effect divide the Community into four farm price zones—Germany, the Benelux, Italy and France. Under the system as practised at present, the Commission takes a weekly average of the level at which currencies have floated above their parities and modifies the rates of tax accordingly. If, however, no currency floats above its parities, the measures are abolished, as the effect on trade is considered minimal.

It is only if official parities are formally changed that the Council of Ministers has to take a new look at the whole farm price system and examine whether there is a case for changing the value of the unit of account. This has to take place within three days after a change of parity. The temporary "compensatory" system can thus be expected to last at least as long as there are no official parity changes in the Community—that is almost certainly at least until the next meeting of the Six's Finance Ministers on September 13, and probably at the end of the month.

## GATT prepares to examine surcharge

By David Egli

GENEVA, August 23.

THE TERMS of reference of a GATT working party to review the American imports surcharge were discussed late today in a special meeting of experts of the six countries of the European Common Market as well as representatives of the Brussels Commission. In the absence of Dr. Ralf Dahrendorf, leader of the Community delegation who is expected here tomorrow, no firm decisions were reached. But it is understood that the Six will push for agreement on the widest possible terms for the working party to be set up on Wednesday in order to leave considerable leeway for subsequent discussions.

Much, however, will depend on the personal initiative of Dr. Dahrendorf, who had made it clear that the attitude of the Community will depend on the tone set by Mr. Nathaniel Samuelson, deputy U.S. Under-Secretary for Economic Affairs. Other delegations arriving here have also indicated obliquely that the American representative would be wise to adopt a more conciliatory attitude than that apparently taken by Washington so far.

The crucial issue in the two-day emergency meeting of the GATT council, opening Tuesday afternoon, lies in these terms of reference because, if set too narrowly, they could preclude a full investigation of American moves in the trade field.

As it is, the Common Market, backed by several other major trading nations, will urge the inclusion of other aspects of the American package. Considerable significance is attached to the incentives to "buy American" and the new system of export tax rebates. Presumably, the Americans would prefer not to have these matters discussed too fully within the framework of GATT.

## Diederichs says Rand gold parity will stay

BY GRAHAM HATTON

THE South African Finance Minister Dr. Diederichs announced this evening that the gold parity of the rand will remain unchanged and the foreign exchange transactions will resume tomorrow. For the time being, the Reserve Bank will only quote buying and selling rates for the U.S. dollar.

The decision to maintain parity has been taken since an upward revaluation of the rand, even on a temporary floating basis would mean a lower official price for gold in South Africa. The decision is also seen as a way of maintaining the parity of the Republic's imports with other exports to the U.K. (and any other upvaluing countries) also benefit.

Industrial circles believe an upvaluation of the currencies of South Africa's major trading partners, especially the U.K., would be welcomed, especially since the July trade figures published today were appalling. With imports at R240m. and exports, excluding gold, at R135m. Africa has risen so strongly that observers are starting to say that

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the anti-inflationary measures imposed progressively over the past 12 months are simply not strong enough to swing the current account of the balance of payments back into surplus.

The annual economic report of the Reserve Bank, also published today, ahead of tomorrow's annual address by the Reserve Bank Governor, shows that the current deficit for the year ended June, 1971, was as much as R1,084m.—at a time when the economy was growing at only 4 per cent. The annual inflation rate was 7 per cent, and the current account deficit R531m.

The gold and foreign exchange reserves were prevented from falling by more than \$500m. in 1970-71, the reserve bank report adds, because the country experienced an all-time record capital inflow of over \$1,000m. It is being said that part of the reason why imports into South Africa have risen so strongly over the past year has been the

## Australia takes wait and see attitude, but may float

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

AUSTRALIAN trading banks have been freed to trade, at risk, in Sterling, the New Zealand dollar and the Hong Kong dollar. The end of the restrictions, imposed in 1939, were announced by the Governor of the Reserve Bank, Mr. J. C. Phillips. Mr. Phillips said the move had been under consideration for some time and had been discussed with banks. The timing to make the changes was influenced by the disturbance in the overseas exchange markets.

At this point, the foreign currency markets are closed, and are not expected to open until Tuesday. Australia waits to see how the rest of the world's markets respond to the crisis. Banks here are assisting Australian residents with contractually due settlements and meeting of responsible needs of travellers. The Australian Association of Banks, led by Mr. James Vernon, warned today that the revaluation of the Australian currency, if this revalued the overseas currencies, the situation index dropped 190 points.

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of manufacturing industry would be critically weakened by the move. In the light of today's events, it is becoming more and more likely that Australia will hitch its dollar to the pound Sterling and let it float with it. A whole range of variations from the norm of 2 to 3 per cent are considered tolerable in the short term but if the pound moves beyond these limits either upwards or down, then the Australian situation will be urgently rethought.

The stock exchanges saw blue chip stocks cut further back today and new lows for the year were reached by 30 stocks, mostly top class shares like CRA which slipped below \$47, and Mount Isa Mining, Peko-Wallend and Placer hit their new lows. Western Mining dropped below \$42 to \$41.50, and BHP and Broken Hill dropped to \$41.25 and \$41.20 respectively. The Sydney metals market was also down, with the Sydney metals index dropping 190 points.

## Benelux countries joint float has good first day

BY OUR OWN CORRESPONDENT

THE THREE Benelux countries launched their common monetary front today as their senior EEC partners confronted the dollar crisis in dispersed battle order. In Brussels, the commercial dollar was officially fixed for the day at B.Fr. 48.750 in a trading range of 48.775 to 48.975. The last fixing was B.Fr. 49.5250 on August 13. As the Belgian franc moved marginally up, the guilder came down from its floating level to settle near its parity of 13.81. The Dutch guilder made it between 13.60 and 14.02.

Neither the Dutch nor the Belgian central banks appear to have had to step into the markets today. The Benelux agreement announced over the weekend provided for their concerted intervention to support the franc and the guilder within margins of 1.5 per cent up or down. Though the decision of the

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their monetary bloc, Belgium, the Netherlands and Luxembourg, called on their partners to stand again for a joint position at a new session of the council of ministers early in September. In a letter to the French, West German and Italian Governments, they proposed the date of September 23 for the meeting.

Though a Finance Minister's council had been scheduled for September 13, the Benelux countries felt this was too late and that the session should in any case be attended by foreign ministers so that the situation could be considered from its political rather than technical side.

Our Hague correspondent adds: In the Amsterdam foreign currency market the volume of business was modest today Monday and there was no excitement. The dollar appreciated by about three Dutch cents, compared with Friday's closing price, and closed at Fls.3.481. The day's high and low were Fls.3.50 and Fls.3.471 respectively.

Meanwhile, developments in France are followed with particular attention in Dutch official financial circles. It was noted here today that the spread between the official dollar buying and selling prices set by the Banque de France was astonishingly large. Observers wondered whether this could be a first sign of impending difficulties. The impression here is that the Belgians' experience with the (now defunct) two-tier system does not bode very well for the French. Some people here see a possibility that the French will be unable to cope with another swelling tide of dollars. Since this might force France.

## Dollar held better than expected in France

BY ADRIAN DICKS

THE DOLLAR held up better than was widely expected on the Paris free market today, losing only about 2 per cent against the "financial" franc on the first day of operation of the French two-tier exchange market. It closed at about Frs.547, as against the old official parity of Frs.554. The pound also weakened slightly here.

Over the weekend, some observers here had predicted a much sharper decline for the dollar on the first day of dealing after the Nixon package. The Paris market's reaction, however, was extremely cautious, and on both official and free markets the volume of business was thought to be very small. The Banque de France set its intervention rate at Frs.551.25, the old dollar floor, but was not in evidence in the market today.

## Unofficial float in Scandinavia

By Our Own Correspondent

THE SWEDISH Central Bank announced no exchange rates for the krona yesterday at the daily meeting, preferring, it is understood, to let the krona in effect float. The commercial banks and the commercial banks and the level. Late yesterday the krona was quoted at 5.08 and a half to 5.09 and a half against the dollar, which is equivalent to slightly more than a one per cent revaluation.

The Danish Central Bank offered quotation for the dollar fell to 7.3990 against the Danish krone. The lower intervention rate against the dollar has been temporarily suspended by the Central Bank in common with Sweden and Norway, what one banking source called a one-way controlled krona float.

The rate yesterday appreciated 1.3 per cent against the dollar. The krona strengthened slightly against sterling and the mark. The Norwegian Ministry of Finance said the Bank of Norway announced that no new official parity would be used for the U.S. dollar in terms of Norwegian kroner. The krona would be allowed to float upwards against the dollar, but the authorities would try to keep fluctuations in its value within "moderate" limits.

## Trudeau puts off talks with Heath

By Our Own Correspondent

OTTAWA, August 23. CANADIAN Prime Minister Trudeau announced today that he had informed Mr. Heath "with much regret" that because of the international economic situation he must postpone his talks with Mr. Heath, scheduled for September 8 at Chequers. Both Prime Ministers hope to find a new date for these discussions in the near future, said Mr. Trudeau's office.

Our Toronto correspondent writes: The Canadian Government is reported to be considering tax relief as well as direct financial aid to Canadian industries which show they have been really hurt by the 10 per cent surcharge on imports imposed by the U.S.

The Government strategy aims at getting exemptions for as many products as possible, but for those industries that cannot be exempted, Ottawa is considering a programme of tax relief which it would be appropriate and direct financial aid for smaller firms whose taxation burden is not heavy.

## Austria to set no limits

By Our Own Correspondent

VIENNA, August 23. WHEN AUSTRIA's foreign exchange market opens tomorrow, floating exchange rates will be allowed for each currency, including the dollar. But the National Bank will see to it that relations with the currencies of Austria's important trading partners, above all with West Germany and Switzerland, will remain as stable as possible.

The Austrian authorities decided against any strict measures such as foreign exchange controls or two-tier dollar rates. They trust that by daily quotations at the exchange, without setting fluctuation limits, they can keep the parties fairly satisfied and best serve the country's economic interests.

Finance Minister Mr. Hannes Androsch said to-night that complete agreement on the financial policy had been reached between the Government, the National Bank, the social partners, and the opposition parties on the new measures. With regard to the dollar rate, it was hoped this would remain within the limits set last May by the 5 per cent upward revaluation of the Austrian schilling.

## World Value of the Pound

The World Value of the Pound table is not published today, because rates were still not available yesterday for a wide range of currencies. It is hoped that it will be possible to publish the table shortly.

## Japan 'in no hurry to decide'

BY AL CULLISON

JAPAN'S financial adviser Mr. Tetsuo Kashiwagi flew into Tokyo tonight from his week-long meeting with U.S. Under-Secretary for the Treasury Mr. Paul Volcker and said the Government does not need to take a hurried decision about the yen.

He will report to a meeting of the Cabinet Council of Economic Ministers, which has been called to an urgent session tomorrow after a day of sharply falling prices on the Tokyo Stock Exchange and growing pressure for revaluation. But despite his calming statement, it is understood that he received a very cool response in Washington to his proposals which would have involved a dollar devaluation by increasing the price of gold in order to take pressure off the yen. It is understood he suggested a 5 per cent increase in the price of gold matched by a 5 per cent revaluation of the yen.

According to Tokyo financial circles, Mr. Volcker told him that a devaluation of the dollar would need Congressional approval and this eventually would be highly unlikely under America's current political situation. But at a press conference tonight Mr. Kashiwagi stressed that the U.S. Government did not expect a hurried yen revaluation and stuck to his insistence that a multi-national meeting would have to proceed any revaluation decision.

In Tokyo, pressure was growing for a quick, unilateral decision by Japan. Mr. Shigeo Nagano, President of the Japanese Chamber of Commerce, told reporters that the Government should immediately revalue the yen to break the current deadlock with the U.S. The Tokyo Stock Market closed before the close as a result of rumours that Japan might eventually be forced to revalue the yen by between 17 and 25 per cent. The Dow Jones average price index dropped by 114.85 to yen 2,163.79 at the end of the day. Sellers became frantic searching for buyers, usually without luck.

The lull on the foreign exchange market is not expected to last. The Bank of Japan has so far purchased \$2,900m. in little over a week and one noted banker said the central bank can continue such purchases over the next few weeks is out of the question.

TOKYO, August 23.

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## Swiss decide to continue with interim policy

BY JOHN WICKS

BERNE, August 23. THE SWISS Government is for the time being to continue with its current interim policy with respect to the monetary crisis. The market dollar closed at Sw.Fr.3.99/4.01. The National Bank, it was stated, was studying the development in the foreign exchange sector closely and intends to enter the market again "at a suitable moment." To be prepared for all eventualities and promote the exodus of foreign Swiss franc accounts, the authorities plan a "tightening and extension" of the measures already in force to counter speculative funds.

Although Federal Chancellor, Karl Huber, refused to comment on this latter announcement, the new measures foreseen might be expected to include a negative interest rate.

IN BRIEF

● LISBON—The value of the U.S. dollar fell by nearly 10 per cent on Lisbon foreign exchange markets after an official statement from the Reserve Bank of Portugal declared there would be change in the parity of the Portuguese escudo. Quotations by the Bank fixed the U.S. dollar at 207.7 (buying) and 208.7 (selling). Sterling was unchanged on Portuguese markets.

● ATHENS—The dollar rate remained unchanged at 25.90-30.15 drachmas, said the Bank of Greece. It resumed selling of foreign currencies other than the U.S. dollar at prices fixed by the Bank in accordance with their parties yesterday, as announced on Sunday.

● HONG KONG—The foreign exchange market was quietly steady after the report of European markets. Banks stopped issuing official quotations for the U.S. dollar last week, but currency dealings on the free market have continued at a steady pace. Money-changers were giving 5.87 Hong Kong dollars for each U.S. dollar compared with 5.80 on Wednesday, after Typhoon Rose had passed.

● KUALA LUMPUR—The Association of Banks in Malaysia and Singapore reopens for foreign exchange dealings today, but only in spot sterling, according to chairman Mr. Lin Jo Yan said yesterday. There would be no forward dealing in sterling and no dealings in any other currencies. "Tourists would continue to be given assistance by local banks in changing travellers' cheques."

● BANGKOK—The U.S. dollar weakened against the Thai baht but Japanese yen and West German marks advanced. In foreign exchange dealings, private money-changers, bank said they were waiting for London exchange market quotations before recommending business "because we follow the London market."

● TEHRAN—The Iran's Finance Ministry said an official agreement of the dollar would not affect Iran's oil royalties from Western companies, as the were paid in sterling at an officially agreed rate of \$2.40 a barrel.

## Israel to enforce strict price controls

By Our Own Correspondent

JERUSALEM, Aug. 23. THE KNESSET (Parliament) today debated the emergency legislation asked for by the Government to enable it to enforce strict control on price rises resulting from yesterday's devaluation of the Israeli pound. For the first time in Israel's lengthy history of devaluation the Government seems intent on preventing profiteering from the devaluation (under the legislation in theory at least, fines of up to \$10,000 or five times the value of the goods involved and even sentence of imprisonment for up to three years can be imposed on those convicted of violation of the price restrictions).

The threat of this is clearly being brought to the attention of all concerned, since in a booming economy the temptation to raise prices beyond the level justified by the new import prices of high import content of locally-made goods is almost irresistible.

Conversely, excessive rises in the general price level—not only of imported but also of local goods and services—would inevitably set off a new wave of wage demands and strikes. The Government is already being attacked because staple commodities such as sugar, are included among the goods which are going up by close to 20 per cent. Overall, the Government hopes to keep the rise in the general price level to 5 to 6 per cent, and to pay 6 per cent cost of living allowance as from January 1.

Israel banks to-day resumed trading in foreign currencies though they were reluctant to change large amounts. The pound Sterling was quoted at £119.23 against £18.40 previously and the D-Mark at £11.25 against £10.98 prior to the devaluation.

## Indonesian rupiah 10% devalued

By Our Own Correspondent

DIJAKARTA, August 23. THE Indonesian Government today announced a 10 per cent devaluation of the rupiah to cope with the effects of the international monetary crisis. The U.S. dollar, which was worth 378, is now worth 415 rupiahs.

The Government's statement announced to the Press by the Ministers of Finance and Trade, the Planning Bureau Chief and the Central Bank Governor, mentioned that Indonesia's exports would not be much affected by the U.S. import surcharges. However, they create considerable changes in international economic conditions, causing short-term problems which have to be met immediately.

The Government has also abolished various local levies. The rate change affects general and credit foreign exchange as well. Full two-way convertibility remains.

## India seeking U.S. surcharge exemption

By Our Own Correspondent

NEW DELHI, August 23. THE INDIAN Government has asked the U.S. to exempt all products imported from developing countries from the 10 per cent surcharge recently announced by President Nixon. The duty, it is said, would cripple some promising growth points in Indian exports to America.

The American Ambassador, Mr. R. B. Keshari, was told that the current American difficulties were the direct result of the monetary and trade policies of rich nations, and that developing countries were in no way responsible for the crisis. It would not be fair, therefore, to treat India and innocent alike.

The surcharge would affect 15 per cent of India's total exports of the order of Rs.500m. American affected items would be leather footwear and jute goods.

## EEC steel producers' warning

PARIS, August 23.

JACQUES FERRY, President of the French Steel Producers Federation, said that if the 10 per cent U.S. import surtax was applied to Common Market steel exports to the U.S., the 1968 voluntary agreement to restrict Common Market exports would be considered immediately null and void.

Ferry is due to start negotiations in Washington in September aimed at renewing the agreement which expires at the end of this year, but he ruled out any extension if the surtax was maintained. He is also current president of the Common Market Steel Producers Association and informed sources here said the statement reflected the views of the European producers as a whole.

## Italy satisfied at stable market development

BY PETER TUMIATI

WHEN the Italian currency bourse closed today the lira, at 617.55 to the dollar, showed a revaluation on its official parity (lire 635 to the dollar) of about 12 per cent. The "parallel" market for unofficial capital operations was at a virtual standstill, but the nominal rate was given at between lire 620 and 630 to the dollar.

The Bank of Italy stressed this evening that it had not had to intervene in the market at all and that the new dollar rate was exclusively the result of supply and demand. However, in the late afternoon, after the official fixing, the lira strengthened and the dollar was being traded in Milan at lire 611-615. This morning's operations were calm and orderly. About \$20m. were traded at the Milan level.

## Spanish rates "changeable"

By Our Own Correspondent

MADRID, August 23. SPANISH banks resumed foreign exchange operations today with what amounts to a combination of controlled floats and a two-tier foreign exchange market. Trading in foreign currency bills presented for exchange by tourists was carried out all in officially quoted currency and at the rates published in the State Gazette.

An announcement therein states that these rates are valid for the entire week but "can be changed at short notice." According to the now published list of exchange rates for foreign currencies bills for cash, the position of the U.S. dollar remains unchanged.



## BIDS AND DEALS

## Direct Spanish bids for Scottish International

Direct Spanish Telegraph Company, in which Mr. Pat Matthews' First National Finance Corporation recently built up a 46 per cent stake, is to be used as a base for building up a substantial investment trust. As a first step, an agreed bid is to be made for the Ordinary and Preference capital of Scottish International Trust on terms valuing that company at around £5.1m.

They are one Ordinary share of Direct Spanish, or 155p cash, for each STI share and one Ordinary Direct Spanish for every £2 Preference share of STI.

FNFC already owns 24.1 per cent of the Ordinary and 43.8 per cent of the Preference stock of STI and will accept the Direct Spanish terms in respect of these holdings.

On August 16, FNFC announced that it had a 48 per cent holding in Direct Spanish and had taken over the latter's management responsibility — the shareholding followed a bid by FNFC. The old Board of Direct Spanish was subsequently replaced by Mr. Matthews, along with Mr. Maxted, Mr. D. Taggart and Mr. D. Crow.

Yesterday, Mr. Taggart explained that it was hoped to retain the Direct Spanish status as an investment trust and to build it up by taking over other trusts. He expected the investment policy to be aimed at the financial and property fields.

**Edger's net asset value**

In a letter urging shareholders in Edger Investments to reject the bid from Amalgamated Investment and Property Company, Edger's chairman Sir Gerald Glover forecasts that profits after tax for the years ending March 1972, 1973 and 1974 respectively will be about £264,000 and £411,000, compared with £226,172 for the period to March 31 this year.

He reports that independent professional valuations of group properties has thrown up a surplus of £4,683,000, giving the group total net assets of £11,335,000 or 215p a share compared with the Amalgamated offer of 192p. Additional future rental income from new developments is estimated at £2m.

Sir Gerald also maintains that holders are being asked to assess the offer from Amalgamated on the basis of a balance-sheet which is over 16 months old. "The Amalgamated forecast of profits before taxation given for the year ended March 31, 1971, is not analysed in any way, so that it is impossible to judge what proportions relate to trading and possibly non-recurring income," he adds.

The Edger directors, with beneficial and trustee holdings, control 8 per cent of the issued share of the company and do not accept the Amalgamated offer.

● **comment**

At last night's price, Amalgamated's offer values Edger at 185p against the shares' current market price of 202p. On Edger's forecast, the offer values the group on a prospective exit p/e of 27 (1971-72) and 24 (1972-73) or more to the point at 12.5 per cent discount to the revised net asset value of 215p. If nothing else the details included in Edger's rejection fully illustrate the group's attractions considering that its current development plans as planned, they would (assuming valuation of 14 times expected rental income) result in a capital surplus of about £7m or 135p a share within three years. In the circumstances, it is possible that Amalgamated will decide to up its offer.

## ASSOCIATES DEALS

On August 20, S. G. Warburg purchased for associates of Grand Metropolitan £4,257 Truman Hanbury at an average of 435p.

Pannure Gordon purchased for associates of Grand Metropolitan 77,920 Truman Hanbury at an average of 435p.

S. G. Warburg purchased for associates 10,000 Grand Metropolitan at an average of 180p.

## MINING NEWS

## More good than bad from Comalco

BY LESLIE PARKER, MINING EDITOR

## THE LATEST results from the Tigon-Zinc Corporation

group's operations in Australia are a mixture of good and bad but it is at least encouraging that there is a considerable element of good in the light of the current setback in the world aluminium situation.

For instance, it is noted that bauxite sales to Australian and overseas refineries in the first half of 1971 showed a steady increase over those for the comparable period of last year. It is admitted that the home market for aluminium in primary and semi-fabricated forms has not in recent months maintained its expected long-term rate of growth. But, it is added, higher sales of metal have been made overseas.

## Expansion plans

Even so, there has been a slow down in the rate of profitability because, although the half-year figure of £7.4m. goes against £6.4m. at this time in 1970, it compares with £17.3m. for the whole of that year. The usual qualification is made that the six-month trading results are not a reliable indication of those for the whole year.

Meanwhile, Comalco presses on fearfully with its bit expansion plans. The new ship-lifter at Werra should be commencing at the end of the month. This will bring bauxite capacity up to 10.5m. tons a year compared with a production of 3.2m. tons in the first half of 1971 and 5.57m. tons for the whole of 1970.

At the Gladstone alumina plant work has begun on the third ex-

Expansion phase aimed at raising the designed production capacity to 2m. tons a year towards the end of 1972. In New Zealand the Bluff smelter started producing metal in April on its way to an eventually planned capacity of 110,000 tons of metal a year. To assist in its financing Comalco has made a bond issue of DM50m. through the Deutsche Bank.

As regards the latest U.S. dollar edicts, the possible effects on Comalco cannot yet be assessed as the company says. Conzinc Rio-Tinto, the 50.7 per cent owned RTZ subsidiary, has a 45 per cent stake in Comalco.

Aluminium is the other major partner also with 45 per cent.

## SEEKING LEAD IN WALES

It is reported from Vancouver that Canada's Index Mines is putting down a 1,000 feet deep hole on its lead-zinc-silver prospect some 12 miles east of Aberystwyth in Wales.

The company states that it has met with lead mineralisation at a depth of 300 feet. The dumps in the area, resulting from former mining operations there, are also being assessed. They are believed to contain some 2,250 tons of finely ground ore. Index Mines no por value shares are quoted on the Calgary Stock Exchange.

## MINING BRIEFS

At the end of the month, Amalgamated Tin Mines of Nigeria (five weeks) concentrates output 16 metric tons (June 1971).

JANTARA Group outputs for July 18 weeks 41,500 tons (June 1971).

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## TKM-PRICE &amp; PIERCE

At the meetings of Tozer Kemsley and Millbourn the necessary resolutions were passed to increase borrowing powers and the authorised capital and to repay the 5 per cent Preference shares, subject to cancellation being confirmed by the High Court.

The offers on behalf of TKM, for Price and Pierce have been accepted in respect of 1,550,884 Ordinary and 548,525 Preference shares (respectively 85.5 per cent and over 86.4 per cent) and have now become unconditional—they remain open until further notice.

The cash offer by Lazard Brothers which closed on August 20 was accepted in respect of £1,266,742 of Convertible stock.

Dealings in the convertible stock of TKM are expected to commence to-day for deferred settlement on Tuesday, September 14.

## HENRY SAYS "NO" TO UDS

The Board of A. and S. Henry and Co., the mail order concern, has described the £5.5m. bid from United Drapery Stores as "inadequate" and, after calling in Singer and Friedlander to advise, urges shareholders to take no further action on the offer for the time being.

## B.S.A. selling Birtley Eng.

After negotiations extending over the past 12 months, Great West Steel Industries, of Vancouver, British Columbia, Canada, is to acquire from Birmingham Small Arms Co. all the capital of Birtley Engineering, of Chesterfield, for over £250,000.

Birtley is mainly engaged in the design and construction of coal preparation plants and equipment, and Great West intends that it should extend its activities in coal and in mineral processing. Bulk material sampling, screening, vibratory conveying and centrifuging equipment supply will be continued and developed. Birtley has established business in Western Australia and it is expected that it will be its policy to seek greater participation in the U.K. market as an essential base for overseas activities.

The present Birtley directors will continue in office and the Board will be strengthened by the election of Mr. K. G. Heffel, and Mr. C. Bogdanow, president and vice-president of G. West respectively. Mr. C. G. Hambleton, and Mr. K. J. A. Fawcett.

Mr. J. E. Rowe, a director of B.S.A., emphasised yesterday that the sale is a "parent" with a technical background more suited to the company's specialised business than men going on for more than 12 months, the sale is in no way related to B.S.A.'s present position.

Nor does it affect the operations of Birtley Manufacturing, Co. Durham, which remains a B.S.A. subsidiary.

## Pegler-Hattersley

PEGLER-HATTERSLEY is pulling out of the manufacture of petrol pumps by selling its subsidiary Beck and Co. (Meters), to Molson Industries, a Canadian concern based in Montreal.

The deal, worth some £2.25m., will enable Pegler to concentrate on the long-term expansion of its main activities, which are the manufacture of valves, taps and other fittings for the control of fluids.

Pegler will be paid £2m. cash on completion, with £250,000 at present owed by Beck to Pegler being repaid in cash not later than March, 1973.

As well as making petrol pumps, Beck, together with its two subsidiaries and a half-owned associate, Pump Maintenance, also install and maintain the pumps.

These activities fit in with Molson's petroleum marketing equipment division which makes petrol pumps in a number of countries.

Beck's pre-tax profits in the year to March, 1971, including the contribution from Pump Maintenance, totalled £289,000. The value of the company's assets, again including Pump Maintenance, was £1.44m.

The deal is conditional upon Exchange Control and other Governmental consents.

## Settle Speakman sale

Settle Speakman has exchanged contracts for the Bristol Street Group of its subsidiaries Byatt (Holdings) and Tom Byatt (Finance). The price is £950,000, of which £50,000 will be deferred pending settlement of the possible claim in respect of termination of a service agreement.

This compares with the £515,000 which Lex Service Group was agreed to pay for Eastern and General Holdings, at the time Eastern and General made its welcome bid for Settle.

Eastern and General now owns about 67 per cent of Settle but the Settle directors, with the support of advisers Kleinwort Benson, have again strongly advised uncommitted shareholders not to dispose of their holdings.

In a letter giving terms of the deal with Bristol Street, Settle's chairman Mr. W. H. Carroll, recalls that his Board maintained the terms of the Eastern and General-Lex deal substantially undervalued the Byatt companies.

He again says that directors believe disposal of the Byatt companies is not in the best interests of Settle holders but was forced on the Board by the Eastern and General-Lex arrangement.

Mr. Carroll adds that the present Board is unable to give any information as to the uses to which the cash received will be put when Eastern and General assumes control.

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At the Gladstone alumina plant work has begun on the third ex-

## Kelly bid for all UCS draws closer

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT  
GLASGOW, August 23.

MR. ARCHIBALD KELLY, owner of Liffey Dockyard, Dublin, may bid for the whole of Upper Clyde Shipbuilders.

After a two-hour meeting with the UCS liquidator, Mr. Robert C. Smith, he indicated to-night that he and his advisers had discussed with him "the possibility of making an offer for the whole of the fixed assets of the company and broadly the manner in which the purchase would be financed."

In his turn, the liquidator had indicated the price he had in mind. The next step was to be a meeting at the Department of Trade and Industry, probably on the Friday of next week.

Mr. Kelly has to move fast as the Government is taking steps to both re-negotiate UCS's suspended contracts and set up an embryo Board to form the nucleus of a company based on the Govan-Linthouse complex. This is on the advice of the advisory group helping Mr. John Davies, the Secretary of State.

When Mr. Kelly talks to the Department, probably with Sir John Eden, Minister for Industry, whom he saw last Tuesday, he is certain to seek assurance of financial help from the Government.

Sir John has indicated that the Government would consider such help for any "viable proposition" and has invited Mr. Kelly to extend his interest "beyond the Clydebank yard, which was Mr. Kelly's first choice."

But Sir John has made it clear subsequently that he still favoured the Government solution based on Govan and Linthouse as the best way of maintaining the shipbuilding industry.

The committee will take evidence in three public sessions each lasting three days, starting on September 1 and ending on October 21. Invitations to submit evidence have been forwarded to interested individuals, organisations and Government departments.

The formation of a Committee of Inquiry into the run-down of UCS was officially announced by the Scottish TUC to-day.

As already stated, Professor Raymond Illsey, of Aberdeen University, will be chairman, to be assisted by Mr. Frank Cousins, ex-general secretary of the Transport and General Workers' Union, and Mr. George Perry, managing director of the same union (Scotland) and a prominent member of the Confederation of British Industry in Scotland.

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## Unions may see Davies

BY OUR LABOUR CORRESPONDENT

UNION leaders expect to see Mr. the economic committee, and the meeting will go ahead and ask for the meeting with Mr. Davies.

The only argument apparently among the committee members was over whether or not shop stewards' representatives as well as TUC and Scottish TUC leaders should attend.

Some of the committee members felt now that the matter was in their hands, that shop stewards should not attend but should be told later of any developments. However, mainly at the insistence of Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering and Foundry Workers, it was agreed that representatives of the shop work done by Mr. Vic Feather, TUC general secretary, and by him.

## Sun Oil begins drilling in North Sea

BY ADRIAN HAMILTON

SUN OIL, the U.S. independent oil group, has started drilling on block 22/1, about 125 miles north-east of Aberdeen. The block, which is held by British Sun Oil (90 per cent) and North Sea Exploration and Research Co. (10 per cent), is immediately north-east of BP's Forties Field oil discovery.

It is the first time that Sun Oil, which has been associated with the Arpet group in earlier exploration, has acted as its own operator in the North Sea. The well is being drilled by the semi-submersible rig, Transworld 61, which was previously working for Conoco in Norwegian waters.

The move brings the total number of rigs drilling exploratory wells in the North Sea to seven. They include Shell's Staffo rig, which is drilling in block 9/23, east of the Orkneys and Hamilton Brothers' Glomar II, which is working on block 20/24, south-west of Ekelund.

Total is drilling with Ocean Traveller on 3/24, east of the Shetlands. The Placid Group has Penrod 58 working on block 39/7, near the median line between the U.K. sector and the Dutch sector.

In the Dutch sector, the Dutch rig, Conoco-NCB Gulf is on block 22/11, with Sedco 135F rig, south-east of BP's Forties Field.

## Campaign will combat alcoholism at work

BY JOHN HUNT

A NEW CAMPAIGN has been launched to solve the problem of chronic alcoholism at work, which is costing Britain an estimated £250m. a year in absenteeism and inefficiency in offices, factories and Boardrooms.

There are about 520,000 alcoholics in full-time employment in the U.K., according to the latest calculations released yesterday by the National Council on Alcoholism.

To combat the growing threat the council has appointed its first industrial consultant on alcoholism. His remit is to advise companies on setting up their own internal schemes to deal with the alcoholic.

The job has gone to Mr. Michael Broderick, who has been chairman of the South-West Council on Alcoholism.

A report by the council says: "There is no doubt that alcoholism is an acute and growing problem. Industrial management must learn to recognise the signs of alcoholism in its early stages when it is easier to treat and the prospects of recovery are considerably brighter."

Alcoholism drastically lowers production, the report says. If the disease occurred at the top of the industrial ladder it was a real problem.

"In the privacy of his own office the executive can shut the door and postpone decisions because of his craving for the day he conceals his problem. Yet he may keep going for years without detection."

Alcoholism could do irreparable damage in the transport industry, it is pointed out, leading to accidents with machinery.

"The possibility of such disasters is endless and not to be dismissed as fanciful," says the report. "Any employee with a record of accident proneness should make one suspect that he is a victim of this disease."

An industrial nation it is vital to stop this waste of man and materials. We must therefore learn to recognise alcoholism and what to do about it."

## COMPANY NEWS IN BRIEF

SARADORA TEA HOLDINGS—Interim dividend 5 per cent in respect of 1970 profits. Dividend payable on September 15. Dividends in 1970 have been delayed. It is estimated that profits for 1970 will be approximately £60,000. There has been serious disruption to working of the estate as a result of the disturbances in Pakistan. Superintendents reported that at August 15 crops matured compared with 21,000 to same date last year. However there is no improvement in the movement of these and unless these are immediately forthcoming a shut down of manufacture, although possibly temporary, is inevitable.

CORPAC HOLDINGS—Net revenue for year to March 31, 1971, £7,381 (£58,003). Profit £1,234 (£12,941). After tax adjusted profit £1,235 (£12,941). Forward £108,768 (£111,232). Dividends totalling 61 per cent (46 per cent).

TELE OF MAN HOLIDAY CENTRE—Interim report for half-year to April 30, 1971, states that before taking credit for deposits received, income for the half-year was £25,000 (£23,541). Present indications are that final number of bookings could give a reduction of 10 to 20 per cent on those received in 1970.

LANBERTIA CONCESSIONAIRES—Group sales for 1970, £12,226 (£12,941). Profit £1,234 (£12,941). After tax adjusted profit £1,235 (£12,941). Forward £108,768 (£111,232). Dividends totalling 61 per cent (46 per cent).

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## SPORT: CRICKET... GOLF

## India's great chance

THE OVAL, August 23.

WE HAVE become unpleasantly accustomed to the failure of England's batting and it is a sobering thought that in the present series in five out of the six England innings five wickets have fallen for less than 150. So perhaps we should not have been surprised at England being dismissed for 101 on a pitch which gave the Indian spinners some encouragement. After all the middle order and the tail can hardly be expected to do a salvage operation every time.

Chandra Sekhar bowled quite beautifully. Venkat provided ideal support at the other end. Solkar was superb in the field and Wadekar handled his side with skill and intelligence. Nevertheless the English batting was woefully short of ability and was certainly far below international standard. The outcome is that India now need 97 to win with eight wickets in hand and the odds must favour them obtaining their first victory in this country.

This morning Abid Ali and Venkat resumed their partnership against the howling of Snow and Price. The slow pitch gave the pace men no assistance and neither troubled the batsmen so it was no surprise when Illingworth introduced spin at both ends after 30 minutes. This proved the right move as Abid Ali was clean bowled through the gate for a pleasant 26. Venkat was adjudged lbw attempting to hit Underwood to mid-wicket and Bedi holed out in the deep. The Indian total amounted to 254, giving England a first innings lead of 71.

England 355 and 101 (Chandrashakar 6-35; India 284 and 76 for 2.

nothing to do with the first wicket. Luckhurst straight drove a ball which Chandra pushed on to the stumps to run out the non-striker, the desperately unlikely Jameson for 16.

In the last over before the interval Chandra clean howled Edrich for nought with a top spinner that hustled through, and then Fletcher came in like a lamb to the slaughter and was finely caught low down in the leg trap off his very first ball. This meant that the exuberant Chandra went into lunch on a strike, the batsman's first possible hiccup.

D'Oliveira averted this but was dropped at slip off the following ball, a horrid chance. When he had scored five he gave another difficult catch of the same kind to the batsman's first possible hiccup.

These two misses did not prove too costly as D'Oliveira was caught at deep mid-wicket for 37, finely caught by Rutton, and this was to be their only success. Wadekar batted with both skill and common sense and found in Sarwan an ideal partner. This pair were together at stumps and only some really inspired snail bowling can now save England.

India, needing 173 to win began badly, losing Gavaskar lbw to Snow for nought, attempting a stroke. At 21 Illingworth decided to put his faith in spin and hope that his pair of slow bowlers would be able to emulate the feats of their Indian counterparts. Both Illingworth and Underwood were lbw, but failed to beat the bat with the required margin. Mankad left at 37, finely caught by Rutton, and this was to be their only success. Wadekar batted with both skill and common sense and found in Sarwan an ideal partner. This pair were together at stumps and only some really inspired snail bowling can now save England.

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## Horton is omitted again

THE SELECTION of John Garner (Moor Park) rather than Tommy Horton (Ham Manor) for the British Ryder Cup team to challenge the American team at St. Louis, Missouri, on September 16-18, is not only illogical but possibly the cruelest miscarriage of justice in this biennial series during the post-war era.

Before Sunday's meeting of the three selectors, team captain Eric Brown, Dai Rees and Neil Coles it had become obvious that the last one of the 12 places had to be decided.

Six players, Coles, Peter Onsternhuis, Brian Barnes, Harry Bannerman, Peter Butler, and Maurice Bembridge had qualified automatically on points. The next three players in the order of merit, Brian Huggert, Peter Townsend, and Bernard Gallacher, were all heroes of the 1969 encounter at Royal Birkdale and virtually selected themselves. Tony Jacklin is the only player who has not been in the Ryder Cup since 1967. He has finished second, fifth, and eighth and fifth in the order of merit. In match play he reached the final of the Piccadilly Medal in 1970 and the quarter final earlier this month. He won the PGA Match Play Championship last year at Moor Park last year before the event passed temporarily out of existence.

On that occasion he beat Coles in the fourth round at the last hole with a birdie two, having been four down with nine to play. In the final he won the Gallacher Plaster Open earlier this year in what was virtually a 36-hole match against Coles on the final day. Horton's victory proved beyond doubt in the last month his fitness after wrist trouble.

Of the other three obvious contenders for the 12th place Horton's case seemed to be far the strongest. Although he finished behind Hugh Boyle and Garner on points, Boyle has not since a tournament since 1967, when he returned pointless from the Ryder Cup match in Houston, Texas. Garner has yet to win a tournament at all. Yet Brown had publicly announced that he wanted a team of winners.

Horton is just that, although a high right like Jacklin. Since 1967 he has finished second, fifth, and eighth and fifth in the order of merit. In match play he reached the final of the Piccadilly Medal in 1970 and the quarter final earlier this month. He won the PGA Match Play Championship last year at Moor Park last year before the event passed temporarily out of existence.

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# Concern over rise in steel imports from Japan

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

IMPORTS OF Japanese steel into the U.K. are running at an annual rate of nearly 250,000 tons, more than six times last year's level, and there are strong fears within the British steel industry that they will increase further as a result of the 10 per cent. import surcharge applied by the U.S.

Much of the increased consumption of Japanese steel can be attributed to heavy imports of pipes used for the transmission of North Sea gas, which the British Steel Corporation has been unable to satisfy the Gas Council and oil companies that it can manufacture to sufficiently high quality standards. But there has also been a significant rise in imports of other steel grades.

## Pipes

The latest figures show that imports of Japanese steel into Britain averaged 19,300 tons a month during the first five months of this year, against 3,000 tons a month in the comparable period of 1970.

The extent of the imports of pipes from Japan is clearly shown by the 197,000 tons of steel imported from Japan in January of this year, 18,250 tons took the form of pipes; in February 17,510 tons were imported (16,735 tons in pipes); March 26,512 tons (9,592 tons); April 12,751

(10,458) and May 16,747 tons (no pipes).

Slightly more than half of the steel which came into the U.K. from Japan in the first five months came as pipes, therefore, and this tonnage can be regarded as a special case.

Nevertheless, about 40,000 tons of steel other than pipes was imported, a monthly average over the five months of 8,000 tons. It is this figure which is causing concern, although some of the steel was brought in as an insurance against a likely U.K. steel strike.

One of the major questions concerning U.K. and other European steel producers is whether the Japanese industry will try to switch a substantial part of its exports to other countries or try to sell over the 10 per cent. surcharge wall erected in the U.S. by accepting lower profit margins there.

The statistics make it clear that Japanese steel-makers have established a reasonable base from which to attempt to take an even bigger share of the U.K. market, and efforts to obtain special steel grades that they will have to fight a vigorous defensive action against Japanese suppliers in their home market, particularly as the overall world market for steel remains depressed.

European Coal and Steel Community producers if it appeared that Japanese exports were being switched from the U.S. to Europe in any quantity.

The U.S. is easily the biggest export market for Japanese steel and, for that matter, for the British Steel Corporation. BSC exports to the U.S. are worth some £50m. a year out of total overseas sales of £230m.

Until the confusion over currency values is resolved, BSC and the independent U.K. producers will remain in doubt about the price they will have to pay for imported iron ore and coking coal and also about their competitive position vis-à-vis other steelmakers.

## Suspicion

It seems inevitable that competition between Japanese and European producers will be stepped up in third markets, other than the U.S., as a result of the restrictions announced by President Nixon.

And there is a strong suspicion among U.K. steel manufacturers, particularly those operating in the stainless and other special steel fields, that they will have to fight a vigorous defensive action against Japanese suppliers in their home market, particularly as the overall world market for steel remains depressed.

## APPOINTMENTS

# Mr. R. A. Atkinson to join Storey Brothers' Board

Mr. R. A. Atkinson has been appointed a non-executive director of STOREY BROTHERS AND CO., from September 1. Mr. Atkinson, who is commercial director of Shell Chemicals (U.K.), is retiring from that company at the end of this month.

As reported in Man and Matters on August 11, Mr. John Murray has joined the Board of CHARTERHOUSE JAPHEH. His appointment becomes effective from September 1.

Dr. H. D. Murdoch has been appointed sales and marketing director of ALKALINE BATTERIES. He succeeds Mr. J. L. Bladale, who has joined Alkaline's associated company, Electric Power Storage, as general manager of its supplies division.

Mr. H. T. Chellingsworth and

Mr. Douglas J. Payne have been appointed to the Board of Audit and Wiborg Industrial Finishes.

Mr. J. R. G. Martin has been appointed secretary of BRISTOL MERCHANT FINANCE.

Mr. L. R. Graham has been appointed general manager of ROBINSON WILLEY (United Gas Industries).

Mr. John Birks, works manager of DARNALL SHOTBLASTING COMPANY for the last three years, has joined the company's Board. Mr. Denis Woodcock has been appointed secretary and financial accountant.

Mr. Maurice Clayton has been appointed export director of VALOR HEATING ENGINEERING. He has been export manager for the last four years.

# Greater freedom for council spending

EXPERIENCE of the working of the new arrangements in England and Wales for local authority capital expenditure control, introduced last April, has led to some changes for the next financial year beginning April 1, 1972, the Department of the Environment stated yesterday.

Following a review of the operation of its rules last year, which gave local authorities substantial freedom to decide their own programmes for capital works, even greater freedom is to be given to councils in buying land for health and personal social services and carrying out slum clearance.

All such spending will be effectively freed and local authorities will be able to borrow to finance whatever cost they incur.

The Government stated that experience has shown that some types of expenditure which now fall in the local-determined field and are controlled on the basis of an annual block allocation of capital payments do not readily fit into such a system. In general, these types of expenditure are either closely linked with key

sector outlays or have a very uneven incidence throughout the country.

From April 1 they will be transferred to the key sector and be subject to prior approval by the Ministers concerned. They are: derelict land reclamation, administration of justice, wholesale horticultural markets, coast protection, and certain professional fees and salaries. The pool for locally determined schemes will be correspondingly reduced.

Although these changes are necessary at the present time, the Government stated "they represent a diminution of the area of local determination. It reaffirms the view in the Green Paper, The Future Shape of Local Government Finance, that as experience grows it should be possible to extend the new arrangements."

Other changes include a revision of the formula for determining annual block allocations for locally determined schemes and special arrangements in respect of industrial development in the development and intermediate areas and in towns which are being expanded under the Town Development Act of 1952.

## AUSTRALIA WANTS BRITISH TEACHERS

The New South Wales, Australia, department of technical education hopes to recruit about 50 teachers in Britain. Successful applicants will receive either a free or assisted passage to Australia and temporary accommodation until they are settled. They must teach in Australia for three years.

## HIGHER RATES IN LIVERPOOL

Liverpool's rates will go up by about 20p in the next year because of an anticipated deficit of £1m. on the current estimates. Originally they were expected to produce a surplus of £600,000 and the change-over is largely due to inflation.

This news will be in the report from the chief executive of Liverpool City Council members, Mr. Stanley Holmes.

## NORTH CHESHIRE TRADING ESTATE PLAN APPROVED

Planning permission in full has been granted to Estates Property Investment Company (Epic) for the first phase of its £4m. industrial development near Birkenhead—the North Cheshire Trading Estate. The estate is sited immediately adjacent to the M53 Wirral Motorway and has direct access from the site to the Birkenhead interchange.

Construction work starts this autumn on the 164,000 square feet 81-acre phase, that is to include industrial units of from 2,500 square feet to 33,000 square feet. Units will begin to be ready for occupation early in the new year.

## WINE

# Auction prices advancing

BY EDMUND PENNING-ROWSELL

WHEN SOTHEBY'S entered the rising prices. Certainly the wine auction field last autumn, supply seems as inexhaustible as many people wondered whether there was enough wine available to support two auctions in London. Although Sotheby's are yet operating on a much narrower basis than Christie's, their sales produced what must be considered extra turnover of £148,000, for Christie's total of over £710,000 was 23 per cent. up on the previous year, which itself had produced results 10 per cent. up on the 1969-1970 season. Although Christie's had two fewer sales than in 1969-1970, they had rather more buyers and roughly the same number of sellers. Sotheby's contrived to find some interesting as well as run-of-the-mill wines, and in their first season achieved some auction records.

## Old wines

With Christie's fifth consecutive post-war wine auction year completed, it is pertinent to ask whether prices of wines have increased as a result of these sales—bearing in mind that previously monthly auctions were regularly held in the City by Restalla, who were absorbed by Christie's. For old wines of note and top-rank clarets prices certainly have risen, but as Michael Broadbent of Christie's claims, before they restarted wine sales in 1968 "there was virtually no market for fine and rare wines. Old clarets were dissipated without thought, and certainly without profit, at local house sales." Yet at the most interesting sale of the past season, that of 80 cases of old wines from the Earl of Strathmore's cellar in Glamis Castle, 41 magnums of Lafite 1870 fetched £3,180. Also the second part of the sale of Sir George Meyrick's cellars in Hampshire and Anglesey included Lafite 1875 at £220 a dozen, and Kirwan 1865 at £200. Ten years ago such wines might not have fetched much above £5 a bottle, if that.

Such wines, of course, make the headlines, and outside the private cellars of a handful of Bordeaux château proprietors and merchants, they are still more likely to be found in Britain than elsewhere, for up to 1914 or even later a majority of the premiers crus came here, as they now go to the U.S. Can one expect such finds in 50 years' time in cellars in California and Texas? Only to judge from experience here, if non-drinking, non-selling generations intervene, and there the cellars are air-conditioned.

Certainly, too, the London wine auctions have contributed to the ever-rising price of top-growth clarets, although with capital appreciation being sought in so many fields over the past decade, Christie's in particular may merely have provided the outlet for rather than been the cause of wine speculation and

supply seems as inexhaustible as many people wondered whether there was enough wine available to support two auctions in London.

Looking back over two seasons rather than one, it appears that the more recent vintages such as '68, '69 and above all '61 have been making the running, while the "classical" '29s and '45s have not appreciated so fast. True in the two-year period the top price for Latour '29, probably the outstanding wine of the vintage, has gone up from £135 to £210 a dozen, while Lafite '39 has risen from £115 to £140; yet the Lafite '45 only moved up from £100 to £150 in the same period, and yet last season's top price was no higher than the previous season's, though Sotheby's sold one lot at £180. Haut Brion '45 at £105 has not risen over two years, although Latour, abnormally low two years ago, has almost doubled its price to £145.

However, the '61s, taking into account their relative lack of seniority, have done better. Since 1969 Lafite '61 has risen from £80 to £178. Mouton Rothschild from £70 to £125. Neither Latour nor Margaux were offered in Christie's 1968/69 season, but in the last 12 months their top prices have gone up from £86 and £90 to £140. A price of £10 a bottle plus for a claret still under ten years old is substantial, particularly as these are wines that need further keeping.

Among the most esteemed '61s are the St. Emilion and Pomerol leaders, Cheval Blanc and Pétrus. In the season recently closed the former made £135 and the latter, which in 1967 brought only £38, touched £140. Indeed these two châteaux are sale-room favourites. In Christie's last fine wine sale of the season, Cheval Blanc '47 reached £185, and earlier Sotheby's sold Pétrus '47 for £170. During the year Cheval Blanc '49 made £155 and Pétrus '49 brought £130; none of the Médoc leaders made more than £150, and Haut Brion went no higher than £90.

The '69s have followed a similar path to the '61s. Lafite has risen in two years from £78 to £130, discounting a freak Christie price of £170. Latour, Mouton Rothschild, and Haut Brion have more than doubled from around £50 a case to between £105 and £110. Margaux, which started higher two years ago, at £62, also rose to £105 in the past season.

Those unable to afford to drink—or to speculate in—first growths, will be glad to know that the second and third line château-bottled clarets of these two popular vintages have also appreciated. Such wines as Cos d'Estournel '59 and Calon Ségur '61 have almost doubled their price in the past year, although at applies to the first-growth clarets.

Similar path

around £40 a case they are not dear by first-growth standards. Lafite '61 at £52 has more than doubled the 1969 top price. The du Plessis 1870, around particularly sharply in the last year.

Neither at Christie's nor at Sotheby's has any other type of wine or spirits attracted the same attention as the leading clarets. Estate-bottled burgundies, particularly the wines of the Romanée Conti group and of Louis Latour, have made some of the highest prices. Romanée Conti '32 and La Tache '61 both made new records at £100 a case. Yet last month a few dozen Romanée St. Vivant '66, from that distinguished vineyard, reached only £38 a case. Burgundy is still a buyers' market at auction, but not too many buyers appear to have much confidence.

Vintage port sales have been sound rather than spectacular. With buyers mostly confined, one surmises, to the home market, even great vintages from celebrated shippers scarcely top £60 a case, although Sotheby's did secure £84 for Taylor '35. German wine buyers have seen even less confident than the burgundy drinkers, and for those who know what they are bidding there have been bargains.

## Some bargains

The previous boom in two "rarities" seems to have exhausted itself, presumably on account of their regular appearance in the sale room. The demand for Tokay Essence which two years ago lifted the price of a half-litre of 1811 to £220 seems to have abated sharply, and the same applies to "Napoleon" brandy. However, some curiosities still attract high prices. In the recent season £80 was paid for two bottles of Yquem '21, and £285 for a case of 1928 Krug champagne, both at Christie's.

The prices given above are top prices, and even famous wines vary considerably in the knock-down price. Moreover, these high figures may give the impression that wine auctions are only for the well-lined elite. This is not true, particularly if one is interested in fairly young wines with reputable names but which are perhaps surplus to the stock of growers or merchants. For those prepared to keep such wines, there are excellent bargains, but as in other fields, one wants to know what one is buying. On the other hand, it would be wrong to imagine that buying at auction is a completely satisfactory alternative to dealing with a reputable wine merchant. As lists show, it is often cheaper to buy from a merchant, who made his purchases early and has not since raised his prices disproportionately. This even applies to the first-growth clarets.

# French Concorde set for South America sales promotion flight

BY MICHAEL DUNNE, AEROSPACE CORRESPONDENT

THE British Aircraft Corporation and Aerospatiale, the Concorde manufacturers, confirmed yesterday that the French-assembled prototype, 001, is to visit South American cities from September 4 to 12.

It will leave Toulouse on September 4 for Cayenne, in Guyana, via Ith de Sal in the Cape Verde Islands and on to Rio de Janeiro on September 6, the eve of Brazil's Independence Day.

On September 8 it will go down to Sao Paulo, where a French national exhibition is to be opened that day, carrying as a passenger M. Giscard d'Estaing, the French Finance Minister, the British and French Ambassadors and other high-ranking guests.

From September 8 to 15 Concorde 001 will make a number of demonstration flights to Rio and Buenos Aires for representatives of airlines, notably Varig of Brazil and Aerolineas Argentinas, Viasa and Avianca. The aircraft will leave South America for Toulouse on September 17.

The reason for the visit is given by BAC and Aerospatiale as promotion of the Concorde among the many uncommitted airlines of South America. It is thought that

supersonic services to and from South America will considerably improve the communications and economic prospects of that Continent.

Also, it will provide the manufacturers with significant new information about long over-water supersonic flights, and the operation of the aircraft into new airfields, following its first long-distance flight to Dakar last May. The long-term plan is to make a number of such flights as part of

the overall flight test programme. The British-assembled prototype, 002, which has been on the ground for modifications and overhaul in recent weeks, is now set to resume flight tests.

The aircraft was ready to fly yesterday, but was held up at the last moment by the failure of a recording instrument in the cabin. Since the whole objective of the trials is to record data, the flight was postponed until to-day in order to rectify the recorder.

# Teaching 'should be higher-status profession'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A CALL for a "higher-status" schoolteaching profession is made today by the National Association of Schoolmasters.

Teaching should be an all-graduate occupation, the NAS says in its evidence to the James Committee inquiring into the training of teachers. The association also wants the paper qualification for entry to teacher-training stiffened to include two passes at GCE Advanced level.

Two A-level passes is the nominal minimum qualification for entry to a university. In contrast, the minimum for entry to teacher training is five passes at GCE Ordinary level, and training colleges have been known to accept applicants with fewer than five O-level passes.

The NAS says that the higher entry qualification is needed to ensure that the schoolteaching profession continues to recruit from the top 15 per cent. in the "ability range." The entrants should undergo at least four years' training.

As a means of devising appropriate training, the association suggests work study of the schoolteacher's job. "Once the job content has been analysed," the NAS continues, "it should be possible to design a really satisfactory course of teacher training."

Higher rates

Liverpool's rates will go up by about 20p in the next year because of an anticipated deficit of £1m. on the current estimates. Originally they were expected to produce a surplus of £600,000 and the change-over is largely due to inflation.

This news will be in the report from the chief executive of Liverpool City Council members, Mr. Stanley Holmes.

# Production of paper and board down by 11%

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

PRODUCTION of paper and board in the U.K. fell 11 per cent. in the first five months of this year, compared with the same period of last year.

Output between January and May averaged only 508,800 tons a month, 43,800 tons less than in the same five months of 1970. Newsprint production was particularly depressed, averaging 50,700 tons a month compared with 64,400 tons in the same period of last year. This is the worst result since the present series of statistics was started by the Department of Trade and Industry in 1963.

The DIT statistics clearly reflect the depressed state of the British industry, which has lost heavy redundancies over the last 15 per cent.

Apart from newsprint, there have been substantial reductions in production of printing and writing papers, food wrappings and Kraft wrappings.

On the board side of the industry, output between January and the end of May this year totalled 100,500 tons, compared with 103,100 tons in the same period last year. A fall of 7,700 tons in the amount of packaging board produced (73,000 tons in the first five months of this year) largely accounted for the fall. Manufacturers' stocks of paper and board at the end of May were 2 per cent. lower than a year earlier. Within this total, stocks of paper were 2 per cent. up, while those of board were down by 15 per cent.

## INTERIM STATEMENT

# Ellis & Goldstein (Holdings) Limited

Manufacturers and Distributors of ladies' outerwear

## INTERIM STATEMENT

The unaudited Group results for the six months ended the 30th April 1971 are set out below as are those for the corresponding period of the previous year:—

	1971	1970
External Turnover (taken at wholesale prices)	£5,776,000	£5,094,800
Net Profit before Tax	£274,779	£325,008
Corporation Tax	£198,298	£147,214
Net Profit after Tax	£76,481	£177,794

These figures represent the outcome of Spring trading; the increase in pre-tax profits of 46% is particularly gratifying because it does not result from any exceptional seasonal circumstances but from more permanent factors. This improvement derives both from the continuing re-organisation of Group activities and the benefit to manufacturing efficiency arising from the rapid growth of our retail operation through our own departments within stores.

The Board are now able to revise their previous estimate of the pre-tax profits for the whole of the year to October 1971. In place of the forecast of £300,000 given in the Chairman's Statement of the 1st June, it is now their opinion that a level of not less than £250,000 is likely to be achieved.

# BRAHAM PATTERSON & BENHAM LIMITED

The 62nd Annual General Meeting of the Company will be held at Browns Hotel, Dover Street London W.1, on Wednesday 15th September at 12 noon.

The following is a summary of the Chairman's Review—TRADING: Millars Machinery Co. Ltd., included for 8 months, doubled and diversified Group annual turnover and after reorganisation earned a profit. Despite continuing restricted activity in the industry, turnover excluding Millars increased by 8%. Bristowes Machinery achieved a record year with its latest concept in asphalt plants whilst business at Niagara Screens & Plant continued to be highly competitive and margins keen. The increased manufacturing capacity provided by Millars enabled the Group to deliver expeditiously a number of plants larger than any previously undertaken.

EXPORTS: Direct Exports amounted to 25% of turnover. ACCOUNTS: The Group net profit before taxation increased by 14%. Pre-consolidation losses of Millars relieved the Group of most of its tax liability, leaving profits after tax £120,887 (£64,006).

NET TANGIBLE ASSETS: 32p per 10p share. DIVIDEND: The proposed total dividend is increased from 15% to 17%.

OUTLOOK for the current year is reasonably promising. Further additions to the product range are in prospect. The volume of enquiries remains lively. All three Works are busy and each has areas under pressure. Millars should increase its contribution, with further taxation benefit from past loss. The Directors will be disappointed if there is not a further improvement in profits for the current year.

Salient points from accounts to 31st March 1971:—

	1971	1970
Turnover	2,284,273	1,258,915
Profit before taxation	123,204	107,819
Profit after taxation	120,887	64,006
Proposed total dividend	64,959	55,679
Net tangible assets	1,196,899	£22,915

Copies of the full Report and Accounts are obtainable from the Secretary, Millars Ltd, Woking, Surrey, GU24 0JH.

# HENDERSON-KENTON (HOLDINGS) LIMITED

Mr. David Hyman, the Chairman confirmed his interim forecasts with further record profits for the year to 31 March 1971.

\* Record Turnover up from £4,494,000 to £5,107,000

\* Record Profits up from £198,000 to £256,000

\* Dividend increased 2½% to 22½%

\* Scrip issue of 1 for 2

\* Expansion and continued upward trend in profits forecast.

Copies of the Report and Accounts may be obtained from the Secretary, at Blue Star House, Highgate Hill, London N.19.

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# The Executive's World

EDITED BY  
DAVID PALMER

## Don't let your computer take you for another ride

BY JOHN HUMBLE and KIT GRINDLEY

IT SEEMS that the original decision by any company to invest in a computer can be just the tip of the iceberg. A study of over 200 companies carried out by Urwick Dynamics showed that in over 90 per cent of the cases examined, a proposal for replacing or increasing the size of the original computer followed within three years of the machine being installed.

These increases amounted in many cases to more than double the first investment. Furthermore, it seems that this cost "escalation" continued in about three-year cycles. The table shows a typical computer investment history.

In this actual case, there is a total investment of £11m. on computers spread over 12 years. During this time five decisions, at about 24 yearly intervals, were taken to increase the investment—each decision involving £2m. on average.

This history cannot be dismissed as applying only to the early "pioneering" days for computers. The plans of computer manufacturers for U.K. sales do not allow for many new comers. Most companies that are going to have computers have already got them. Manufacturers' plans are largely based on selling more equipment to existing users.

### Investment

At first sight, we might think that proposals for increasing the investment in computers should present the Board with no special problems. It would be able to measure what it had got for its money from its first machine—it would understand the costs and benefits involved and would be able to consider the proposal like any other plan or new plan, further accommodation or increased business activity. This is not so. After 5 years of "computerisation," most companies still feel trapped when they have to consider proposals for investing more on computers.

Let us consider the dilemma facing the Boards of the 400 or so companies who, each year, are faced with spending more money on computers. They are, in fact, in a worse position to make a decision than they were when they authorised the purchase of their first machines.

First, strong technical reasons will now be put forward to invest more by a knowledgeable group within their own company. The rest of the company, who might not benefit from the investment, still do not have sufficient knowledge to challenge these reasons. Secondly, the company will now be firmly committed to computer processing. Certain jobs will have been automated and the cost of going back to manual processing would be very considerable. On the other hand, the Board will be aware of the feelings of disappointment among the users with the results achieved so far.

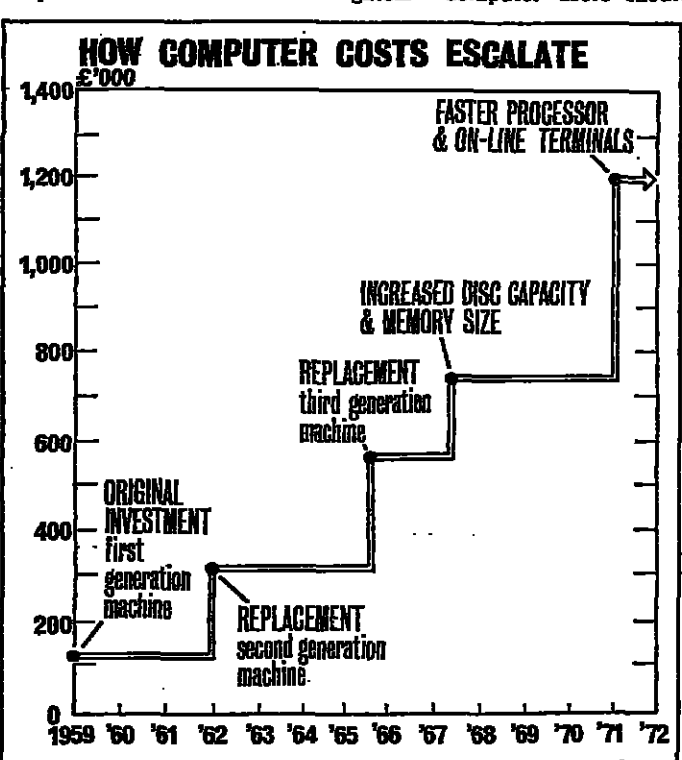
As to the reasons put forward by computer departments for more equipment, one or more of the following may strike a chord with some companies. "There's a lot more to this job than anyone thought four years ago. For one thing, the file sizes have turned out to be three times the volume estimated in the original proposal.

And as for saying it would need 12 computer programs—well, we've already written 42 and still the job is only half finished."

Which is to say, the manufacturers, or the original justification study team (now left?) underestimated the size of the job.

You don't save money by just doing order processing on the machine. The real pay-off is the extra information that computers can give management about our customers, the market, deliveries, stock positions and so on. But we can't provide this information at the moment—if you want to get the big benefits, we've got to have a big machine."

Which is to say, there is a need to do extra jobs on the computer.



"The manufacturers said it would process an order on average in 1.2 seconds. But we can't get the single item orders through in less than 4 seconds average," let alone the multi-item orders. Well, the master file takes 41 hours to process which just makes nonsense of that 30,000 characters per second claim. And then, how did they think 16,000 words of core store would be enough? The software in this machine takes up 12,000 words before we start."

Faced with these arguments, it can be salutary to ask the following questions:

1. Who says so? Is it the computer users in your company, the profit centres, the people who stand to get the benefits from this investment? Or is it the computer department, a cost centre, which is putting forward these proposals on its own?

2. What benefits are being put forward to justify this further investment? Are they measured business improvements which could not otherwise be achieved? What measured business improvements were achieved as a result of the first investment?

Above all, the Board should not allow itself to think that there is really no practical alternative to the proposals put to

it. In one case, consultants found that the originally envisaged order processing job could not be done on the existing computer because it called for "open item" accounts to be held on the computer file. No measurable business benefit could be discovered from adopting this strategy. On the contrary, by adopting a "balance only" automated system and allowing human beings to hold the account details and deal with queries, a reduction in debtors outstanding from 3.7 to 2.9 months was achieved, releasing £350,000 capital (the cost of the computer installation). The extra equipment proposed, costing £500,000, was shown to be completely unnecessary.

But this is only one of the alternatives that can be investigated. Computer users should

in addition to buying more computers, to get this benefit (e.g. a new marketing strategy, more marketing capacity, strengthening the sales forces, etc.).

Stage 3 Assess users' commitments to the benefit who is responsible for obtaining this business benefit? For example, who has the objective of reducing the company's debtors. The computer department cannot have this responsibility—and it will not be achieved automatically just by writing and running the necessary computer programs.

Stage 4—Investigate the alternatives. Once satisfied that there is a worthwhile benefit to be achieved, and one to which the company as a whole is committed, then is the proposed addition to the computer equipment the best way of obtaining it? In particular:

Is the proposed equipment suitable? Would some other equipment be better—cheaper; will the proposed equipment cope, or is it underspecified just like the first computer was; will it work as claimed; how long will it really take to do this job?

Is the division between automation and manual systems the best one?

Human beings are better at some things than machines (for example, dealing with queries in the accounts example); do we have a case for computing for computing sake; would a mixed computer/human system achieve the benefits better—cheaper—perhaps without any further equipment at all?

Can the existing installation be made more efficient? Can the programs be rewritten, the files redesigned and the running times of the existing computer be reduced so that this benefit can be achieved without a further investment—or with a much reduced investment?

Can outside computer services be used?

If the needs really are for larger and more sophisticated equipment, then would it be better to buy processing time on such computers owned by an outside service bureau; perhaps directly linked by computer terminal?

Recent surveys have produced widely differing views of the degree of satisfaction felt by companies about their investment in computers. Few companies, however, would yet claim that their investment has produced the tangible benefits expected when they installed their first computer. Any company that now finds itself on the computer merry-go-round again might do worse than ask itself whether it really will benefit from spending a lot more money to be taken for a ride again.

John Humble is a director of Urwick Orr, and Kit Grindley is a director of Urwick Dynamics.

## Graduates for Tizer

IT IS A SIGN of the times that when Tizer, the soft drinks manufacturer, advertised for management trainees, there were 234 applications for the jobs. Five young graduates have been selected.

Tizer, the soft drinks manufacturer, which has had a difficult time lately, found that there was not enough potential talent within the company to supply new managers for the next two years.

## INDUSTRIAL FILMS

## Time and relativity in the cinema

BY JOHN CHITTOCK, INDUSTRIAL FILM CORRESPONDENT

TWO OF THE GREAT minds of the 20th century—one a filmmaker, the other a mathematician—had an extraordinary amount in common. But it is unlikely that they knew it, and little if anything has ever been written about it. By a weird coincidence, their names were almost indistinguishable as well. The filmmaker was the Russian genius of cinema, Sergei Eisenstein, the mathematician, Albert Einstein.

The theories of Einstein, especially of time and relativity, are now almost a part of schoolboy lore. All things are relative, including time, space and matter, and measurement or assessment is meaningless unless the terms of reference are specified or known.

Eisenstein, grappling with a totally new medium in the early 1900s—was perhaps unwittingly—coming to similar conclusions about the cinema. He held the view that a piece of film had no real meaning until it was related to another and separate piece of film. This led him to the statement that "the juxtaposition of two shots by splicing them together resembles not so much the single sum of one shot plus another—as it does a creation."

### Emotional reaction

Eisenstein on the other hand said of the universe "every reference body (or co-ordinate system) has its own particular time: unless we are told the reference body to which this statement of time refers, there is no meaning in a statement of the time of an event."

Television and the contemporary documentary may seem a far cry from such mind-bending ideas. But, of course, such ideas are being applied all of the time, intuitively and unscientifically.

An unusual example of this, about to be screened at the Edinburgh Film Festival is called *Erection* and comes from ex-Battle John Lennon. In contrast to his industrial film, but in intention and impact it is an emotional reaction to time and society. It shows the construction of the London Inter-

national Hotel, opposite the Cromwell Road air terminal. Employing still photographs taken from a fixed camera position over a period of 18 months, it simply utilises the well-known technique of time lapse photography to show the building rise—almost, as it were, from the ashes of a bare site.

Other recent events emphasise for me the neglected importance of time and relativity in films. It finally end? Einstein might

pressively if unimaginatively, how one industry is preparing for the ravages of time; doing its best to make the processes of change constructive. A power station by-product, pulverised fuel ash, is used in building (who knows, maybe even in the Cromwell Road); warmed cooling water, discharged back into rivers, is aiding their oxygenation; and so on. But where will it finally end? Einstein might

stances in different countries. Yet it really all is so basically relative. In highly developed Britain, J. Lyons has produced a modest yet very persuasive training film about hygiene in the catering industries—*Key to Cleanliness*. No doubt standards of hygiene in Britain are as high as anywhere in the world; but the film demonstrates how the standards are maintained. Again, only by the control and manipulation of time is the film able to achieve its objectives so well.

Moving pictures are an encapsulation of time and relativity. We have yet to explore the real significance and potential of this facility—indeed, even fully recognise it. But the individual is coming closer to having this power at his own fingertips—through the introduction of videocassettes.

Last week, Philips showed in London its TV cassette recorder that will be available here next Spring for £290. It includes an on/off clock timer to enable users to record their favourite TV programmes during their absence.



A scene from *Key to Cleanliness*—"modest yet persuasive."

## Footwear study

A FORECAST of the impact of Common Market entry on the U.K. footwear manufacturing industry is included in *Footwear 1980*, a report just published for the British Footwear Manufacturers' Federation. The report has been prepared by AIC Management Consultants, with the co-operation of the Shoe and Allied Trades Research Association.

It assesses the market prospects for the footwear industry over the next ten years, with detailed forecasts of U.K. consumption, imports, and exports in the 1980 for the principal categories of footwear. The report will be available graphically reveals their plight, only from the Shoe and Allied Trades Research Association, Kettering, Northants.

## Business Books

Understanding Modern Business Mathematics, by A. M. C. Morrison, R. Burden and M. G. Crabtree. The Accountants Publishing Company for the Institute of Chartered Accountants of Scotland, £3.00.

If you were one of those schoolchildren who carried on a running battle with your maths teacher, and never discovered the poetry of algebraic formulae, then this may be the book for you. It is aimed exclusively at the non-mathematician. It also claims, however, to contain the minimum mathematical knowledge for accountants and managers who want to stay in the game—and has a chapter which is ideal reading for parents of children doing the "new" mathematics. But a word of warning. It does not dodge the difficulties of the subject. As the authors themselves say: "not every point... will be instantly-

neously obvious; ideas that are intrinsically subtle are intrinsically not obvious."

The Woollex Industry of South-West England, by Kenneth G. Ponting, Adams and Dart, £5.25.

The wooltextile industry flowered in Bristol in the 12th century and since then has had a rich history. This book justifies its price with its lavish illustrations and with a section of documentary material of use to any student of industrial development.

Organisational Analysis—A Sociological View, by Charles Perrow. Tavistock Publications, 90p.

A reissue of a book from the Behavioural Science in Industry series. Prof. Perrow has chosen a specifically sociological perspective to look at organisations.



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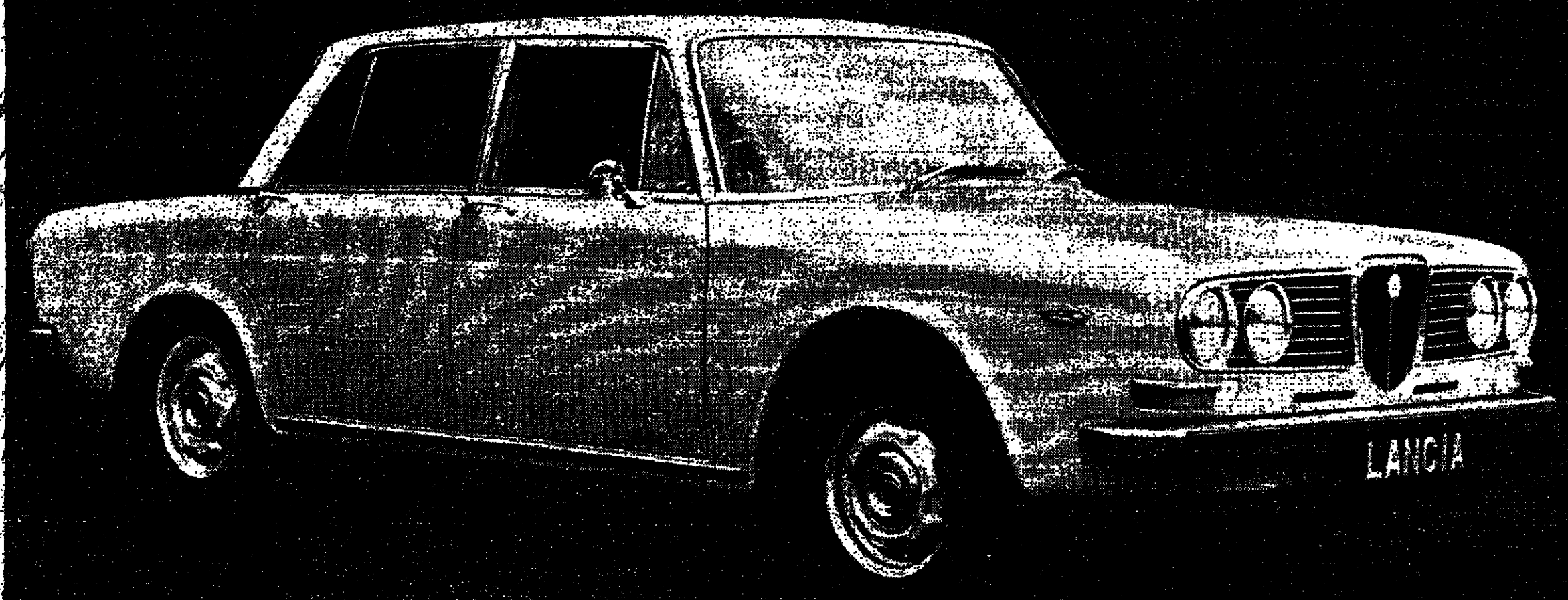
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## Labour News

# TGWU move will ease union registration

BY JOHN ELLIOTT, LABOUR EDITOR

THE WAY has been opened by the Transport and General Workers' Union for the TUC to decide at its annual Congress in two weeks' time whether to relax its policy of union registration under the Industrial Relations Act. As a result it has become increasingly likely that unions will decide to register fairly quickly.

The TGWU has tabled an amendment to a strong anti-registration resolution which will probably be adopted by the Congress and which effectively opens the way for the unions to escape from the embarrassing position in which they have found themselves over the registration issue.

### Qualification

The original resolution, from the Amalgamated Union of Building Trades Workers, which has recently merged with the Painters and Decorators, calls for Congress "to instruct" affiliated unions not to register and to remove themselves from the provisional register which is to be set up in October under the registration section of the Act is implemented.

This would considerably strengthen the existing TUC position, adopted at its special conference in February, which only "advised" unions not to be registered as the first plank of the unions' policy of non-cooperation with the legislation.

However, the TGWU amendment, which is contained in the final Congress agenda published this morning, qualifies the instruction by adding the words "recognising that the policy of non-registration can only be effective if all affiliated unions act collectively."

This is in line with TGWU policy since last month at the union's annual conference by its general secretary, Mr. Jack Jones, who stressed that it was only worth while for unions to endure the financial and other disadvantages of non-registration if all those affiliated to the TUC stood together.

But this will not happen, as is realised by the TUC general purposes committee, which yesterday interviewed leaders of two unions—the National Union of Bank Employees and the Confederation of Health Service Employees—of which will be registered. The

committee will probably be seeing other unions later but is to come to any decision on individual cases till after the Congress debate.

The clear implication of the TGWU amendment is that, since it is known that some unions will register and that a solid TUC stand is therefore out of the question, other unions can feel free to bypass the non-registration call.

However, while this line seems likely to gain general acceptance, Congress will also be faced with a unequivocal demand from the Paperworkers (Sogat Division A) that any union registering should be expelled from the TUC. But now that the TGWU has committed itself to the softer line, it seems unlikely that this extreme demand will gain much support.

Other debates at the Congress, which opens on Monday week in Blackpool, will centre around opposition to Britain's entry into the Common Market with demands for a general election before any decision is made, and heated speeches over issues such as the Government's wages strategy and policies on the nationalised industries, and the high level of unemployment.

8,000 Burton Group staff win rises

PAY RISES of up to £2.75 a week, with responsibility bonuses for some, have been negotiated for 8,000 staff employed by the Burton Tailoring Group and the Jackson Tailor Company. The Union of Shop, Distributive and Allied Workers yesterday announced that managers, salesmen and cashiers aged over 21 would get an extra £2.75 in London and an extra £2.25 in the provinces. Junior rates would be increased proportionately. Cashiers would be entitled to responsibility payments of between £1 and £1.50 on top of the new minimum.

Managers with seven years' service and other workers with 10 years' service will get a fourth week's holiday under the new deal, which takes effect from August 30.

## Bonus agreement averts new Swan Hunter dispute

BY MICHAEL HAND, LABOUR CORRESPONDENT

A FURTHER damaging labour dispute at Swan Hunter's shipbuilding yards on the Tyne, which were closed recently by a two weeks' strike by general workers, was averted yesterday when the group's 3,850 boiler-makers agreed to accept improvements in their bonus pay.

They did so on the recommendation of Mr. Dan McGarvey, resident of the Boiler-makers' amalgamation, who addressed a meeting of the men. In a ballot, 474 votes were cast for acceptance and 560 against. They had claimed that their pay differential over fitters had been eroded by a recent wage deal.

The boiler-makers' basic rate of 27 is not affected by the changes which it is hoped will not lead to a repetition of the "jeopardising" pay claims among the various grades that have plagued Swan Hunter this year.

A company spokesman said last night: "We are glad that common sense has prevailed and we hope we can get down to the job of building ships without industrial difficulties." Sir John Hunter, group chairman, gave a warning recently that shipbuilding on the Tyne would die unless it had a long trouble-free run.

At Barrow, 1,000 boiler-makers yesterday ended an overtime ban and withdrew a threat of token strikes after their employers promised to reinstate 12 welders who had been dismissed. Normal working restarted. The Vickers offered a phased programme of retraining for the men, who were dismissed at the end of June.

At Sunderland about 350 boiler-makers at the Fallow shipyard if Oxford and Sunderland topped work at lunchtime.

Port Talbot peace hopes rest on meeting to-day

HOPES of avoiding a shut-down of the Port Talbot steel works in South Wales rest on the outcome of a mass meeting to-day of 1,000 white-collar workers who have been on unofficial strike for two weeks.

It is understood that the strikers' union, the Iron and Steel Trades Confederation, will instruct them to resume work. They decided against union advice last Thursday to continue strike which, the British Steel Corporation has warned, will result in the plant being closed down on Thursday unless there is return-to-work decision to-day.

About 14,000 workers are employed at the plant—including 2,000—and although no announcement has yet been made about lay-offs these are said to follow quickly if production is stopped. It has already been reduced by 10 per cent. since the strike began a week ago yesterday. Port Talbot is a major supplier to the car industry and to the BSC's plate division and produces

154 more redundant at Perkins

PERKINS, the diesel engine producers, yesterday declared redundant 154 members of their staff at Peterborough. The announcement comes only a week after 205 hourly-paid production workers were made redundant.

The cuts in the 8,000-strong labour force are being made to reduce costs. Mr. Monty Pritchard, chairman, has told workers that he intends to reduce the work force to the 1968 level of 7,000.

# BEA: cutting back to get ahead

With the airline's annual report due soon, Michael Donne, Aerospace Correspondent, discusses the profits problem

THE REPORT that British European Airways has set itself a target of improving productivity by 10 per cent. a year over the next three to four years to remain competitive is another reflection of the extreme difficulties that have beset the world air transport industry in the past two years.

It shows that the problems of the long-haul sector, spelt out last week by Mr. Keith Granville, chairman of BOAC, have been felt just as keenly in the short-to-medium haul sector. The problems are a marked slackening of the rate of traffic growth, an almost runaway rise in costs, heavy competition from holiday charters, and heavy pressures for reductions in fares and an increase in the use of cheap promotional fares that have diluted the revenue yield per aircraft in some cases almost to vanishing point. At the same time, BEA has had labour troubles.

### £1m. profit

BEA, like BOAC, has done reasonably well to manage to turn in a profit in the financial year ended last March 31 of around £500,000—the precise figure will be announced soon when the airline publishes its report and accounts.

But streamlining of the airline's operations over the past few months—in particular the substantial decentralisation policy recently announced by chairman Mr. Henry Marking—has obviously not gone far enough. Mr. Marking is now calling for renewed efforts to try to keep the airline in the black in 1971-72 and beyond.

Both chairmen are working in the dark to some extent, for they do not know what is going

to happen following the reorganisation of British civil air transport under the new Civil Aviation Act. The Government is now setting up the new British Airways Board which is intended to "overlord" BOAC and BEA, although it will not have the power to merge them without prior consultation with the Minister and the approval of Parliament.

Nevertheless, it will be an immensely powerful body, and it is clear that no individual State airline chairman from now on is going to have the same measure of independence as in the past.

### Shake-up

Many people fear that whoever moves into the Airways Board may come from outside the industry, may not appreciate its problems, and may try to rush it into further structural changes in the belief that this will provide the solution. In fact it would not, for many of the problems are outside the airline's control—such as the economic recession in the U.S., which has hit all air traffic in the past year or two.

Many hope that President Nixon's economic measures will help stimulate the U.S. economy—the spillover would help improve the position of all major airlines.

What the two U.K. State airlines want is a period of at least a year or two in which to solve their domestic troubles and return to a reasonable measure of profitability, before being faced with the wholesale upheaval that would stem from merger plans.

BEA's five-point plan for

higher productivity includes cost reductions, expansion of traffic and other activity, streamlining work methods, a virtual freeze on staff numbers with no recruitment except where absolutely necessary (but also no redundancies if this can be avoided), and deferment of any re-equipment decisions for some

obviously highly desirable, is not critical.

So far as the TriStar is concerned, however, Lockheed would dearly like to have a BEA order as soon as possible, for this would signify solid UK support for the aircraft and its Rolls-Royce RB-211 engine, and thus help convince U.S. customers that the aeroplane has a viable future. But BEA is keeping firmly out of this morass with the full support of the Government, which does not want to put pressure on BEA.

The main reason for BEA's present reluctance to get involved in new equipment decisions is that the cost levels—wages, salaries, fuel bills, landing fees and so on—and traffic uncertainties, mean that it just cannot operate any wide-bodied aircraft profitably.

In order to try to improve the cost situation, the airline is setting up "efficiency teams" to go through it in much the same way as BOAC has done with its "profits improvement programme." The aim is to provide the first wave of improvements resulting in cost reductions in time to be incorporated in the planned budget for 1972-73, starting next April 1. Some changes will have effect immediately, others will be more long-term, but an "acceptable" budget next year must be the first aim of the airline.



Mr. Henry Marking, chairman of BEA.

months—at least until the airline can see how its costs in 1971-72 are going.

This means that there will be no decisions on the complicated choice between TriStar and the A-300B airbus for at least another six months. This may not worry the A-300B team quite so much as it will worry Lockheed. The European airbus team is keying its aircraft to orders from Continental Airlines before BEA, and thus the latter's choice, although

### Tough task

There is no doubt that in the present climate a 10 per cent. improvement in productivity a year for the next few years is an extraordinarily tough task. But even if this internal drive for improvement is met and

costs can be cut sufficiently to stimulate higher profits, the airline's ultimate economic success must depend upon the prevailing volume of traffic.

This has been growing: the latest figure from the European Research Bureau shows that in the 12 months to end-June, passenger-kilometres flown rose by 11 per cent. as a whole for the 17 European airlines in the ERB involved on intra-European routes.

This expansion has not necessarily been equally shared by all the airlines. BEA itself is believed to have had reasonable expansion on most international routes this past summer, but its successes there are continually being undermined by losses on domestic routes. Accordingly, it has been obliged, in common with other U.K. domestic airlines, to seek further increases of between 3 and 10 per cent. in fares from this November 1—on some routes 5 per cent. from November 1 and 5 per cent. from next April 1. These follow rises of between 8 and 11 per cent. last April 1.

But the airline is also under intense pressure to reduce fares when it would probably prefer to see some of them raised. It will be going with all the other airlines to the International Air Transport Association fares conference in Miami in September conscious of these pressures for cuts well may be hard to resist.

In any event, the near-certainty of cuts in fares on transatlantic routes next spring may well mean that it will be under obligation to make some kind of token reductions in European rates. If the London-New York return fare can be cut to, say, £75 under the

"Early-bird" scheme, passengers can reasonably ask why they should be charged around £78-£83 for a night tourist return flight to Athens, which is not much more than one-third of the distance.

At Miami, the problem of air fares in Europe is likely to prove just as intractable as has that of fares on long-haul routes so far. Nobody is hopeful of either an easy conference or quick decisions.

It is probably for this reason as much as any other that BEA is seeking to streamline its business and improve its image with the public (it has had an immense drive to improve punctuality this summer) in order to capture as much as it can of the available business.

### Pressures

Similarly, it must now also face the fact that in the short-to-medium haul market—as in the long-haul market—the pressures from the holiday charter and inclusive-tour operators are forcing the pace of development and change. This trend which emerged only in the past few years, is likely to continue for a very long time and cannot be ignored. To some extent, BEA has moved to meet it already by forming its own inclusive tour and charter subsidiary, BEA Airtours; in its first 18 months this has done well.

But throughout Europe the pressures on the scheduled airlines for fares cuts to match those of the charter operators are mounting—and, again, like the long-haul operators, the kind of token reductions in short-haul airlines, of which BEA is the biggest, may find that many changes will be forced on them from outside.

## New RB-211 deadline to-day

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Government is expected to announce to-day that it has agreed to extend to September 8 the deadline for the settlement of outstanding contractual arrangements for the Rolls-Royce RB-211 engine in the Lockheed TriStar airliner.

The original deadline was August 8, but this was extended to to-day, August 24, in order to allow time for the U.S. Congress to approve loan guarantees for Lockheed Aircraft Corporation. In the meantime, the U.K. Government has continued to finance the RB-211 at the rate of about £2m. a week.

Since then, however, various factors have intervened to slow the progress of contract negotiations. Between Lockheed, the airline customers, the banks and the Rolls-Royce (1971). One of these has been President Nixon's package of economic measures, including the 10 per cent. surcharge on most U.S. imports, including the RB-211.

Another has been the delay in getting the small committee that is to overlord the Congressional loan guarantee set up in the U.S. The first meeting of this committee, which includes the Secretary of the Treasury and the chairman of the Federal Reserve, is scheduled for to-morrow or Thursday, which is after the end of the deadline set by the British Government.

Until this committee has met and discussed its plan of action, the banks themselves cannot implement further bank loans to Lockheed. Thus, there has been some delay in Lockheed being able to arrange the necessary loans, and this in turn has delayed the final agreements with airlines on contracts.

While at this stage there is no suggestion of any difficulties arising in this area, the time available before the expiry of the U.K. Government's own deadline has been so short that Lockheed has been obliged to ask for a two weeks' further extension.

So far as the 10 per cent. import surcharge is concerned, Lockheed itself is now convinced that there is much less difficulty for the TriStar in this than was originally thought early last week when it was first announced.

The basic reason for this is that the TriStar's competitor, the McDonnell Douglas DC-10, is also bearing a heavy burden with the surcharge, and the competitive balance between the two aircraft is thus broadly maintained, with perhaps a small edge in the DC-10's favour but not enough to radically damage the TriStar's chances in the market.

But for the past week or more, Lockheed has been involved in studying the situation, and this has impeded the progress of its talks with airlines and banks. Now that it has made up its mind that the import surcharge is not as serious an obstacle as was at one time feared, it has decided not to make a formal application to the U.S. Government for exemption.

In the meantime, Lockheed's own financial fortunes took a turn for the better yesterday, with the announcement in Washington of a settlement in the outstanding vexed issue of the Cheyenne helicopter for the Army.

Under this settlement, Lockheed gets \$37.4m. cash in payment of work already done on the helicopter and written off, while the Army will pay off subcontractors and suppliers to the extent of \$38.8m. The programme is being restructured, and development work will continue under a further payment of \$47.8m. from the Army.

The one aspect of this arrangement that is most significant is that Lockheed does get some cash from the Pentagon for work already done, thereby easing its liquidity situation. This in turn seems likely to make its talks with banks and airline customers on the TriStar much easier.

## Machine tool orders fall by 40%

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

NEW ORDERS for U.K. machine tools were worth only £56.8m. in the first five months of this year, nearly 40 per cent. less than in the same period of 1970, and there are no indications of any improvement since July's mini-Budget.

The feeling within the machine tool industry is that there is likely to be a lag of at least six months before the Chancellor's relaxation measures start to work through into the order book.

Provisional statistics issued by the Department of Trade and Industry yesterday show that new orders for U.K.-built machine tools amounted to only £10.6m. in May. The total was made up of £5.2m. worth of home orders, the lowest figure for four years, and contracts valued at £5.4m. from overseas.

Although there was some improvement in export orders, compared with April's depressingly low figure of £3.8m., new business from overseas was still coming in much more slowly than it had in the last two years.

At the end of May the British machine tool manufacturers had orders worth £120.7m. on hand, £8.8m. less than at the end of the previous month. Again, this was one of the worst results since 1967.

Deliveries of machine tools in May totalled £14.3m., with £6.1m. of the machines going to overseas markets and £8.2m. to British buyers.

Although deliveries have tended to hold up well in recent months, this was another low figure, compared with the £15.8m. delivered in April and £23.1m. in March.

The latest statistics, following closely on announcements of heavy redundancies by some of the major companies in the industry, reinforce the need for the encouragement given to investment by the Chancellor last month.

## SWEDISH JOBLESS TOTAL FALLS

By Our Own Correspondent

STOCKHOLM, August 23. THE NUMBER of unemployed in Sweden dropped during July by 8,000 persons to a total of 85,000 compared with the previous month, the Central Bureau of Statistics says. The July figures represent 2.1 per cent. of the registered working population and compares with 2.3 per cent. unemployed in June and 1.2 per cent. in July last year.

## Sugar talks at Chequers

BY OUR FOREIGN STAFF

THE LIKELY effect of Britain's membership of the Common Market on the Jamaican economy, and particularly its sugar sales, was discussed at Chequers yesterday when the Prime Minister, Mr. Edward Heath, entertained the Prime Minister of Jamaica, Mr. Hugh Shearer. Mr. Shearer is currently on a private visit to Britain. Other guests included Mr. Joseph Godber, Minister of State at the Foreign Office; Mr. James Prior, Minister of Agriculture; and Sir Robert Kirkwood, chairman since 1945 of the Sugar Manufacturers' Association of Jamaica.

The Common Market authorities reached agreement during the negotiations with Britain to have at heart the interests of the Caribbean sugar producers.

## QANTAS' JUMBO JET LANDINGS IN BAHRAIN

By Our Own Correspondent

BAHRAIN, August 23. Qantas Airways has announced that its first regular Jumbo jet landings here will begin on November 26, several months earlier than expected. After that date twice-weekly landings will be made in each direction on the London-Sydney run.

The earlier date is due to a delay Qantas has experienced in gaining U.N. sanction for its planned Pacific Ocean schedules.

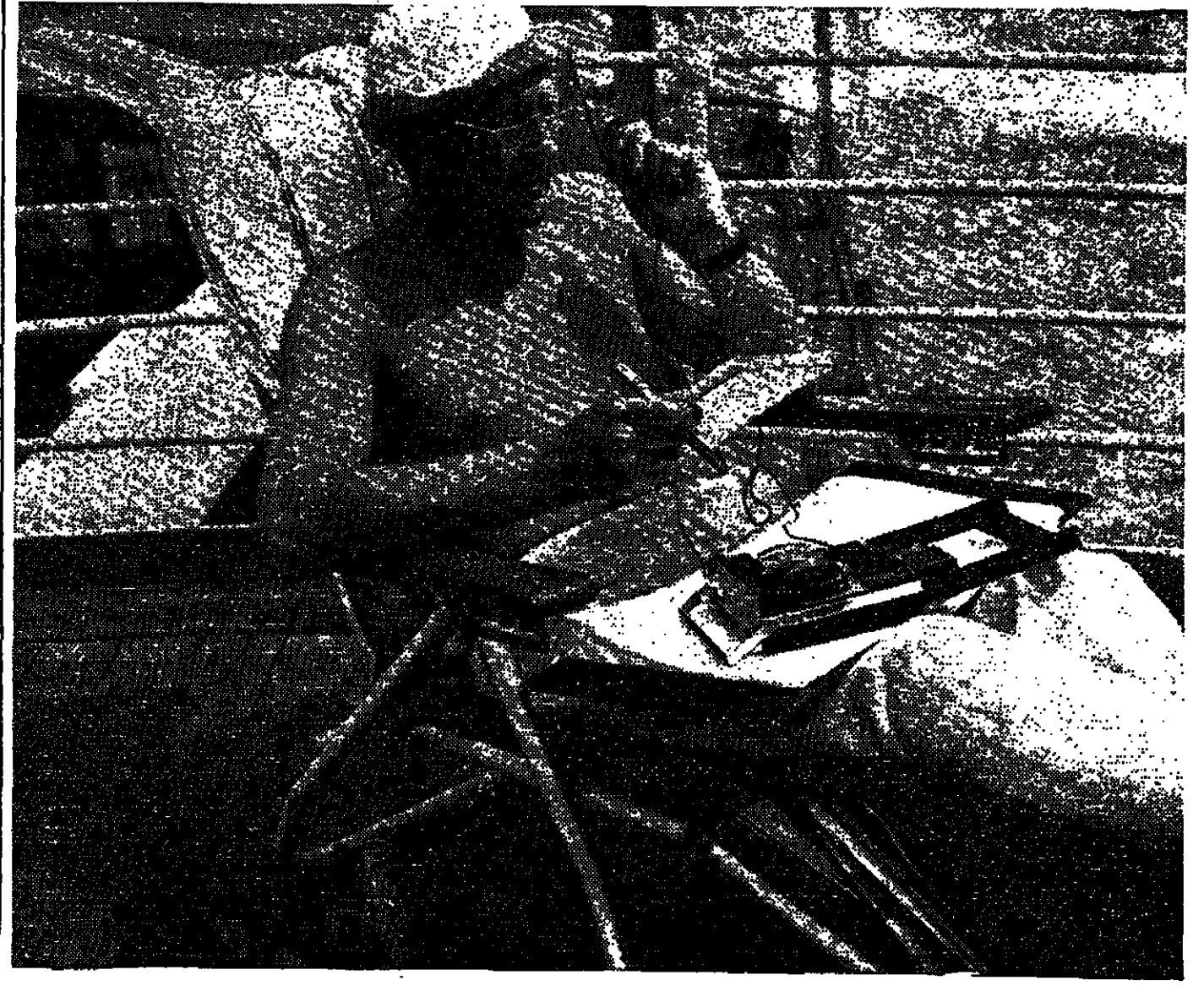
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# COMPANY NEWS + COMMENT

## Centre Hotels 29% and 1-for-6 scrip

IN ADDITION to raising its dividend from the equivalent of 21p to 29p, Centre Hotels (Cranston) proposes to make a one-for-six scrip issue.

Group pre-tax profit increased to £22,576, including this time 11-month profit of Old Kentucky Restaurants, compared with £23,068 for the previous year. At the halfway stage it was up from £20,333 to £21,198.

The year's net profit came out at £23,068, against £108,201 after a low tax charge of £24,000 (£125,700) due to capital allowances being claimed on new developments.

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Profit: £22,576, 1970-71; £23,068, 1969-70.  
Taxation: £1,450, 1970-71; £1,197, 1969-70.  
Net profit: £21,126, 1970-71; £21,871, 1969-70.  
Ordinary dividends: £14,598, 1970-71; £14,598, 1969-70.  
Preference dividends: £5,000, 1970-71; £5,000, 1969-70.  
Unappropriated: £2,978, 1970-71; £3,571, 1969-70.  
After £25,712 (£15,288) withdrawn.

### comment

Centre Hotels regained some of its market status yesterday, the shares rising 5p to 220p against a 1971 peak of 238p. October to March is seasonally a slower half for the group and that applies firmly to Old Kentucky which may have slipped in £70,000 pre-tax against a possible £90,000 for five months of the first half. On that basis the original group looks to have achieved 30 per cent second-half growth before tax against 40 per cent in the first. This year the U.K. tourist boom continues with the influx of overseas visitors up 12 per cent by June. That must be good news for Centre, catering for the moderate pocket and with three new provincial hotels and an extension to the London development at Heathrow making a first-time contribution in 1971-72. Earnings for 1970-71 amount to 10.6p a share or 9p fully taxed, which leaves a p/e ranging between 21 and just over 24—and Centre still at the top of the smaller hotel group ratings.

## Pittard lifts interim

LEATHER tanners and dyers, C. W. Pittard & Co., reports a rise in first half profits, before tax, from £220,531 to £264,446, and says second half prospects appear to be good.

The interim dividend for the year 1971 is lifted from 4p to 5p. The 1970 total was 11p, paid on pre-tax profits of £558,544.

	1971	1970
Sales	1,424,589	1,577,400
Profit	264,446	220,531
Tax	115,500	89,500
Net profit	138,946	121,131
Interim dividend	56,000	40,000
Balance	105,646	81,131

### comment

Despite a 9 per cent fall in turnover, Pittard has surprisingly managed to push pre-tax profits up by a fifth after six months of 1971. Favourable raw skin prices seem to have been mainly responsible here while the drop in sales is explained by the postal strike and lower overseas demand, particularly from the U.S. However, exports (normally about 40 per cent of turnover) seem to have picked up from May onwards. In the U.K. the major glove market remains dull though the move into shoe uppers and clothing leather is going well. Elsewhere, the recently bought Kohntamm Holdings should chip in at least £120,000 pre-tax after initial financing charges in a full year, and that, plus Pittard's last 12 months profits, gives earnings of 7.7p, against 5.5p. Even after a 72 per cent rise in the shares this year the prospective p/e is

still only around 9 at 60p but that is perhaps understandable given the cyclical record of the leather trade.

## Kingsley & Keith tops estimates

COMPARED WITH the April, 1970, prospectus forecast of not less than 324 per cent, the Kingsley & Keith Chemical Group is raising its dividend total to 35p for the year ended April 30, 1971, with a final of 221p. For 1969-70 a single 171p per cent. payment was made. Group profit improved to £224,766 against a forecast of a figure not lower than the £202,219 achieved in 1969-70.

After estimated tax of £98,228 (£97,310), the net profit came to £126,538 (£104,906).

Meeting arranged for September 30.

### comment

A second-half bounce by Kingsley has put the group ahead by 12 per cent, pre-tax, on similar growth in turnover. First-half profits took an 8 per cent. reverse so the picture of unchanged margins overall was probably one of fair growth between November to April: which is one prop for the current year, ahead of the accounts. Last year all the action came from chemicals with not poor performance by electronics (the major culprit) and disappointments in photography taking this division's contribution to total profits down from the 3 per cent of 1969-70. The shares have slipped from 66p this year and at 53p a p/e of 8.4 cases to 7.9 after normal tax. That, and a 7 per cent. yield, offer a fair option on the current year.

## N. Brown pays 10% as forecast

IN LINE with the revised estimate profit for N. Brown Investments for the year ended February 27, 1971, amounted to £124,347 and in addition there was an exceptional credit of £48,708 for previous years. Comparative figures for the previous 17 months showed a loss of £201,639.

Accounts combine for the first time results of J. D. Williams and Co. Oxendale and Co. Heather Valley (Woolens), and Ambrose Wilson, all but the last mentioned of which were acquired in the course of 1970-71.

The directors state that but for the postal strike profits would have been at least doubled. Despite the effects of the strike,

however, a 5 per cent. final dividend is recommended, making 10 per cent. as forecast for the year. No payment was made in the previous period.

### comment

N. Brown Investments has met its revised forecast (which was prompted by the adverse impact of the January-February postal strike). Margins in the second half improved with turnover up 12.6 per cent. over the first six months, and profits ahead by 14.5 per cent. Turnover in the current half year ending this week has shown a greater rate of expansion, with profits expected to follow suit. This buoyancy may in part be due to the backlog of demand after the postal strike. Higher sales following price reductions—3p in the pound—resulting from a figure not lower than the £202,219 achieved in 1969-70.

After estimated tax of £98,228 (£97,310), the net profit came to £126,538 (£104,906).

Meeting arranged for September 30.

## Jentique upsurge: pays 16½%

THE EXPECTED record results of furniture and clock manufacturers Jentique (Holdings) turn out to be a rise in group profits before tax, from £402,004 to £500,548 for the year ended June 30, 1971.

A final dividend lifted from 7p to 9p, and a 16½ per cent. rise in the share price to 16½p, had been foreshadowed.

The indication of a record result was made at the half way stage, when profits were ahead at £231,450 (£202,900).

The Board is confident that the group will continue to make further progress in the current year.

	1970-71	1969-70
Turnover	3,388,221	2,907,994
Profit	500,548	402,004
Tax	200,242	172,483
Net profit	300,306	229,521

### comment

After an interim gain of 14 per cent, Jentique has lifted annual profits by 24 per cent. before tax on a 20 per cent. sales rise. While both divisions contributed to the growth, the major impetus came from the clock division, which still makes up more than 60 per cent of group profits. It seems that the furniture side benefited not only from the general upturn in trade following the exhibition in London earlier this year but also from the group's recent investment in new plant and termination of labour curbs curbing traditional styles. Higher exports were one of the prime reasons behind the strength of

the clock division. At 19p last night, the shares on p/e of 11 are probably in line for a re-rating once the annual report clarifies the prospects for the current year.

## Ellis and Goldstein lifts aim

IN place of the earlier estimates £200,000, before tax, the Board of wholesale coat and costume manufacturers, Ellis and Goldstein (Holdings) is now of the opinion that a profit level of not less than £250,000 is likely to be achieved for the year to October 31, 1971. For 1969-70 profit was £140,381.

Group results for the half-year ended April 30, 1971, show an increase in profits from £225,008 to £174,779. Turnover was ahead at £5,77m. (£5,09m).

After tax of £196,208 (£147,214) the net profit for the half year was £278,451 compared with £177,794.

Directors state that the improvement derives both from continuing reorganisation of activities and the benefit to manufacturing efficiency arising from the rapid growth of retail operation through the group's own departments within stores.

### comment

With only two months of the current year left to run, Ellis and Goldstein is confident that with the amount of work in hand earnings should be 60 per cent. up on the previous year's depressed figure at 2.63p. The company's profit recovery to almost the peak levels of 1964-65 is partly due to the benefits of the reorganisation and also the expansion into the field of separate outlets within departmental stores; these units

## Mining News and Bids Page 9

number 130 at present with additions at the rate of 20-25 per half year. But although the major part of the rationalisation is completed there are two trouble spots remaining—namely, the high fashion interests, and the factory at Stockton-on-Tees, which is only working at 25 per cent. capacity. A group with a record as erratic as Ellis and Goldstein's probably deserves a cautious rating, but the prospective p/e of 7.8 at 20½p looks on the low side in view of the sounder base.

### Statement Page 10

## Telefusion earns and pays more

A FINAL dividend of 14p per cent. by Telefusion raises its total from 23½p to 28p per cent. for the year ended March 31, 1971.

From turnover up from £9,37m. to £10,66m., profit before tax and SET has increased from £1,105,000 to £1,333,000.

Profits, before tax, calculated on the new basis—which includes the group's share of associates' profits of £1,38m. (£1,08m.)—has advanced to £9,5m., compared with £7.3m. for 1969-70, restated on the same basis.

On the old basis, the profit for 1970-71 showed a 23.4 per cent. increase over £7.5m. for the year before and with a figure of the order of £8.13m. indicated at the half-way stage.

All subsidiary divisions of the group and associates have contributed to the higher earnings, state the directors. Continued progress has been made by group brands in the U.K. separate market with a further increase in market share.

Export and overseas sales were well ahead of those for 1969-70 and were a record.

Allowing for tax and minorities the year's attributable balance emerges at £4,99m. compared with £3,45m. Results (on the new basis) compare in the table.

	1970-71	1969-70
Turnover	10,660	9,370
Trading profit	3,390	3,230
Depreciation	2,965	1,348
Interest	223	228
Directors' remuneration	52	51
Profit	1,333	1,105
Investment income	268	49
Tax	49	283
Tax equalisation	277	160
Net profit	669	504

### See Lex

## Kennedy Smale 20% and scrip

A FINAL dividend of 10 per cent. as intended by Kennedy Smale raises the total from 17½p to 20p per cent. for the year to March 31, 1971. A one-for-four scrip issue is proposed and the directors hope to maintain the 20 per cent. rate on the increased capital.

Group pre-tax profit expanded from £25,247 to £147,655. When reporting first-half profit of £60,474 the directors said they would be disappointed if the year's profit did not exceed £130,000.

After tax of £55,550 (£27,800) the year's net profit is £92,105 (£102,250). Ordinary dividends absorb £45,578.

The company is engaged in engineering. It has interests in control equipment and textile machinery.

## Fairclough quits Saville Gordon

Following a Boardroom row at J. Saville Gordon, Birmingham-based scrap metals group, one of the three directors, Mr. John Fairclough, has resigned.

News of his resignation and market nervousness about Saville Gordon's results due to be announced in the next few days saw the shares drop 6p to 48p by the close last night.

Mr. John Saville, chairman, said yesterday: "There is not very much I want to say at this moment of time. Obviously there has been a clash of personalities here. He has offered his resignation and I saw fit to accept it."

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div. %	Total for year %	Total last year %
Arcoelectric Int.	54	Sept. 30	54	12	12
N. Brown Investments	5	Nov. 9	nil	10	(c) 11
Centre Hotels (Cranston)	104	Nov. 9	11½	29	21½
Free State Development (e) 2c	10	Oct. 1	nil	—	—
Gaskell (Bancup) Int.	10	Sept. 17	10	15	30
Frank G. Gates	15	—	15	15	15
Jentique	10	Nov. 9	7½	30	17½
Kennedy Smale	22½	Oct. 7	17½	(f) 35	17½
Kingsley & Keith	17	—	(d) 35	15	15
Kursaal	17	—	—	17½	17½
Malaya General spec. Int.	54	Sept. 15	—	—	—
C. W. Pittard	5	Oct. 8	4	19	17
Sime Darby	12	Sept. 30	* 10.75	* 18.66	* 19.97
Stock Conversion	12½	Nov. 3	5	20	15
Telefusion	14	Nov. 3	12½	26	22½
Thompson-Reid Int.	6	Sept. 30	6	16	16
Turriff Construction	nil	—	18	10	18
Varney (Hidga)	7	—	6	10	9
Wilson Peck	12½	—	5	12½	5

\* Equivalent after allowing for scrip issue. † Amount per share.  
(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) For 17 months. (d) 21 per cent. tax free (7½). (e) Dividend No. 1. (f) Minimum 32½ per cent. forecast in April, 1970 Prospectus.

According to the latest published accounts—dated last September—Fairclough owned more than 133,000 shares in Saville Gordon, representing about 6.75 per cent. of the issued capital.

Mr. Saville admitted it might depress the share price if Mr. Fairclough decided to sell, but added: "The future of this company is good enough for me to be a buyer of the shares if I had the money."

Mr. Fairclough, who is 29, in the last financial year earned £13,623 as managing director of Saville Gordon's subsidiary, John R. Fairclough, one of the most active specialises in stainless steel alloys needing a more complex processing than conventional non-ferrous metals.

## Carreras turns in peak £9½m.

TURNING IN record profits, Carreras, the tobacco manufacturing group which takes the Rothmans, Guards, Pictorial and Dunhill cigarette brands, is raising its dividend by 1 per cent. to 13½p per cent. for the year ended June 30, 1971. The final is the

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held on the first or second Tuesday of the month. Official indications are not available whether dividends are expected. Below is based mainly on last year's time-table:

Company	Date
Interim: Aargon Bros., Black and Edgington, Central Bank, Ruckley and Hendon Greyhound, Pemberton Group, Remold.	—
Finals: Anglo-Balt. Cont. Bros. (Pensions), Central Bank, Demodora Tea, Ellis and Co. (Richmond), Greaves Organisation, Jey Holdings, Laidlaw and Co. (Perseus Investment), Nesvitt and Zambra.	—
Interim: Maclean-Glenlivet	Sept. 6
NMA (NZ)	Sept. 1
Saville Gordon (J)	Aug. 27
Way Holdings	Aug. 28

promised 10½ per cent. Profit, before tax, calculated on the new basis—which includes the group's share of associates' profits of £1,38m. (£1,08m.)—has advanced to £9,5m., compared with £7.3m. for 1969-70, restated on the same basis.

On the old basis, the profit for 1970-71 showed a 23.4 per cent. increase over £7.5m. for the year before and with a figure of the order of £8.13m. indicated at the half-way stage.

All subsidiary divisions of the group and associates have contributed to the higher earnings, state the directors. Continued progress has been made by group brands in the U.K. separate market with a further increase in market share.

Export and overseas sales were well ahead of those for 1969-70 and were a record.

Allowing for tax and minorities the year's attributable balance emerges at £4,99m. compared with £3,45m. Results (on the new basis) compare in the table.

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Profit	1,333	1,105
Investment income	268	49
Tax	49	283
Tax equalisation	277	160
Net profit	669	504

### See Lex

## Westminster Trust

Commenting on the outlook for Westminster Trust Holdings, chairman Mr. W. H. Salomon says management of the construction division has now been centralised and strengthened and reorganisation has taken place in the industrialised buildings and plant companies: "all of which should have a good effect."

He feels that further provisions against future losses is construction should be necessary this year. However, in view of the debt carry-forward there is unlikely to be a dividend.

As stated on August 13, group loss for 1970 was £17m. (profit £20,341) and there is no dividend for 1970-71. Construction side incurred losses of £257,000 and a further £995,000 was provided against contracts in progress. Contracts relating to Thomas C. Stewart (Contractors) sustained losses representing 30 per cent. of the total loss of the division.

The auditors are satisfied that provisions for future losses represent a reasonable assessment, but are unable at present to express an opinion as to the adequacy or otherwise of the provisions made. It is expected that documents relating to the agreement over Land Securities will be turned in by the end of the year. The company is confident that the bid, has claimed sufficient

proxies to call an extra-ordinary meeting to raise two pence—the question of the asset value of Westminster and details of the acquisition of Stewart.

Westminster directors consider that freehold and leasehold properties included in the books at £13.75m. had a market value of some £19.5m. at end-1970.

Annual meeting, Winchester House, EC, September 15 at noon.

## 5% extra by Stock Conversion

FROM DOUBLED net revenue of £27,628, Stock Conversion and Investment Trust is raising its dividend by 5 per cent. to 20 pence for the year to March 31, 1971.

Share of associates—where the holding is 20 to 50 per cent.—is included at 50 per cent. The tax charge is based on the whole of the year's revenue from Euston Centre Properties bears no corporation tax charge because of losses brought forward.

The final dividend is 13½p per cent. against not less than 8½p per cent. forecast.

	1970-71	1969-70
Revenue	£10,884	£25,448
Minority	24,492	61,132
Balances	27,486	86,580
Associates	72,361	123,017
Revenue before tax	1,184,175	910,500
Tax	18,508	48,278
Net revenue	1,165,667	862,222
Shareholders	573,700	284,273
Tax retained	59,135	102,227
Retained revenue	632,835	272,046
Capital reserve	5,780	1,674
Surplus forward	12,448	12,448
Sundry credits	24,444	11,336
Forward	67,650	42,486

### TO-DAY

Interim: Aargon Bros., Black and Edgington, Central Bank, Ruckley and Hendon Greyhound, Pemberton Group, Remold.

### FUTURE DATES

Company	Date
Interim: Aargon Bros., Black and Edgington, Central Bank, Ruckley and Hendon Greyhound, Pemberton Group, Remold.	—
Finals: Anglo-Balt. Cont. Bros. (Pensions), Central Bank, Demodora Tea, Ellis and Co. (Richmond), Greaves Organisation, Jey Holdings, Laidlaw and Co. (Perseus Investment), Nesvitt and Zambra.	—

Christy Bros., electrical engineers and contractors, has a substantial number of orders in hand and the current year is viewed with "reasonable confidence."

As reported on August 11 group pre-tax profit advanced from £108,630 to £179,318, and the dividend is 16 (13½) per cent. Turnover was £3,128,497 (£2,824,607).

The improvement reflects the major reorganisation during the course of the past four years. This process is continuing and, to further the benefits from improved methods and procedures, the holding company's functions are being reviewed.

Its electrical activities are in course of being transferred to the operating subsidiary, Christy Brothers (Wireless Relays), which is to be renamed Christy Electrical. The subsidiary will be responsible for exercising group financial control and for providing the secretarial and administrative services.

Meeting, Chelmsford, September 16, at 2.30 p.m.

## Glover and Main

Glover and Main—a subsidiary of Thorn Electrical Industries—reports an increase in group profits, before tax, from £1,738,628 to £2,283,768 for the year ended March 31, 1971.

Turnover was ahead at £31,09m. against £25,80m., and operating profit was up from £1,654,441 to £2,221,308.

The group trades as domestic appliance manufacturers and engineers. Meeting, 64, Wigmore Street, W1, August 26, 12.30 p.m.

### UNIT TRUSTS

## Money and Management Unitholder

In a close look at the Wider Share Ownership Council, the August issue of Money Management and Unitholder points out that the number of shareholders has actually diminished in recent years. Estimates put the latest figure at 2.5m. individuals, compared with 3.3-3.6m. people 10 years ago. This pattern contrasts with the experience in the U.S. where the number of direct investors has "soared."

Stockbrokers are cited as hampering the WOSC's efforts at promoting Ordinary Shares through the growing tendency to turn away clients wishing to invest less than £500.

However, indirect investment has undoubtedly increased, with roughly 17m. investors in unit trusts (treble the figure 10 years ago) and it is estimated that possibly 1m. people have bought equity linked assurance policies over a similar period. Furthermore, the leaders of the Council are confident that tide against direct ownership may be turning, saying that they should be able to get more done under this Government.

## Irregular start by Mercury Securities

THE CURRENT year has opened under particularly disturbed economic conditions at home and abroad, says Mr. H. Grunfeld, chairman of Mercury Securities.

The effect so far is that results of the member companies show an irregular picture, some being higher and others lower than last year.

Referring to the banking side (S. G. Warburg group), Mr. Grunfeld comments on "the growing competition which merchant banks may expect or may already experience from joint stock banks and from foreign banks." Over many years, he says, merchant banks have specialised in a number of fields in which they have played an important, constructive and innovative role.

Indeed, specialisation has been the great strength of the City and it seems to him no coincidence that none of the cities on the Continent, where universal banks combine inter alia the functions of merchant banks and joint stock banks and where there are no merchant banks comparable to those in London, has succeeded in detaching from the universal position of the City.

"I therefore hope that the City will continue to derive its strength from specialisation combined with co-operation among the members of its financial community."

As reported on



# Behind every Amoco station is a love story.



Take it from us, the husband and wife team makes a splendid partnership.

In business, as well as in Holy Matrimony.

That's why, whenever we open a new station, we try and take on a married couple as tenants.

With their own money in the station, it's not surprising their hearts are in their work.

Dave and Beryl Rogers are a case in point.

Dave's a dab hand at mechanics, so he does all the servicing and repairs on cars.

On the forecourt, Beryl mans the pumps and generally makes her customers feel at home.

Granville Jones and his wife Joan go one better.

They employ their daughter Jennifer to look after the station's accounts.

Our other couples work in much the same way.

Having recently passed the seven-year itch, we can say the arrangement seems to be keeping everyone happy.

Our tenants are happy, because they get a share of the profits.

We're happy, because we're selling lots of petrol.

And you're happy, because you get a better service.

What did you expect, a love story with a sad ending?



From left to right are  
George and Olga Hillman, Newport.  
Brian and Jan Brockall, Horspath.  
Granville and Joan Jones, Burntwood.  
Dave and Beryl Rogers, Small Heath.  
Malcolm and Irene Donlon, Leeds.  
Douglas and Rita Smith, Keighley.  
Andrew and Elizabeth-Anne Morris, Doncaster.  
John and Beryl Pecorini, Winchelsea.  
Roy and Freda Nash, Wisborough Green.  
Lawrence and Joan Wood, Accrington.







# Distillers' exports top £100m.

The following are extracts from the statement made by the Chairman, Mr. Alex McDonald, and circulated with the Report and Accounts for the year ended 31st March, 1971.

## GENERAL OBSERVATIONS ON RESULTS

Excluding subsidiary companies in the United Glass subgroup, the consolidated profit for the year ended 31st March 1971 amounted to £54.7 million, an increase of £2.1 million compared with the previous year. The increase represents a rise of £3.0 million in trading profit, partly offset by a reduction of £0.6 million in income from investments and a charge for interest greater by £0.3 million.

The profit of our Scotch Whisky, Gin and Vodka interests increased by £4.2 million, mainly due to a higher volume of sales, but also as a result of an adjustment to the export price of our de luxe whiskies. It is particularly gratifying that the sustained growth of our exports of Scotch Whisky and Gin has for the first time carried the total value of Group exports beyond the £100 million mark.

The results of the Yeast and Food Group and of our Carbon Dioxide interests were both lower, showing together a fall of £0.8 million, mainly owing to higher costs.

The contraction in income from investments resulted from the realisation of Government Securities and of BP stock.

Last year the provision for taxation was based on corporation tax at the rate of 45%. Subsequently, the relevant rate was reduced to 42½%, giving rise to an over provision of approximately £1.2 million, which has been credited to reserve. The estimated taxation on the profit of the year under review is based on corporation tax at the current rate of 40%.

The consolidated net profit after taxation is £33.0 million, to which requires to be added £0.7 million representing the net profit from our interests in United Glass, making the total net profit attributable to the Company £33.7 million. Your Directors now recommend a final dividend on the share capital of 7.25 per cent, which, with the interim of 5.5 per cent already paid, will make a total distribution for the year of 12.75 per cent compared with 12.25 per cent last year.

The Consolidated Balance Sheet shows an increase in stocks of £22.5 million. Although the greater part of this figure is represented by additional maturing whiskies necessary to support the projected future sales of our brands, the effect of inflation to which I referred last year is also reflected to a material extent.

Some commentators on my previous remarks regarded the problems created by inflation as peculiar to the Scotch Whisky Industry because of its substantial investment in stocks. The effect upon other Companies whose major investment is in plant is very similar. Indeed such a Company may well replace each year a greater proportion of its total investment than would the holder of Scotch Whisky stocks.

I welcome the growing interest in this subject which has been displayed recently by a number of bodies, including the Institutes of Chartered Accountants. It seems increasingly evident that standard accounting procedures in this country must be modified to incorporate such adjustments as may be required to recognise the effect of inflation, not only upon profits but also upon the resources available for investment.

Our own accounting staff have developed a system of applying to the costs of assets appropriate factors derived from the Consumer Price Index. We believe this provides a reasonable measure of the effect of inflation upon the results of the year's trading. In consequence we consider that the value of our assets has been eroded by inflation during the year to the extent of some £8 million. In other words, to maintain in terms of today's prices the same volume of physical assets as existed at 31st March 1970, we would require to appropriate out of the apparent profit (as arrived at by present day accounting methods) the sum of about £8 million.

It may be helpful to re-state the Profit and Loss Account in the way we see the position. This would be as follows:

	£'000
Conventional profit	54,688
Deduct appropriation required to counter inflation	7,851
"Real" profit	46,837
Estimated taxation	21,548
	25,289
Minority shareholders' interests	114
Adjusted consolidated net profit	25,175
Net profit of the United Glass subgroup (unadjusted but not significant in relation to the total)	721
Approximate "real" net profit attributable to the Company	25,896

The first point which emerges is that Corporation Tax has not in fact absorbed 40% of the profit for the year but 46% of the "real" profit. The second observation which seems appropriate is that in distributing total dividends of £23,152,000 we are distributing almost the entire "real" profit remaining after taxation and in fact little is left as an addition to our financial resources.

One consequence of this situation is that the continual increase in requirements for working capital entailed by the growth of the Group's business cannot be met today out of retained profits. Since the issue in 1967 of £30 million Unsecured Loan Stock mainly to fund then existing short term borrowings, the Group's additional needs for cash have been met by realisations from the £19 million BP stock received as part consideration for the sale to BP of the Group's chemical and plastics interests. In this way £9.4 million of stock had been sold on the open market by 31st March this year. However, just as in 1967, your Directors take the view that the Company should avoid a position in which, were a pressing need for cash to arise, BP stock might have to be sold in market conditions which were temporarily adverse. Accordingly, before this statement is published, I expect that a further issue of Loan Stock will have been made.

Legal proceedings continue against the Distillers Company (Biochemicals) Ltd. arising out of the sale of Thelidomide products prior to December 1961. Settlement of the 65 actions the basis of which was agreed and approved by the High Court in 1968 is virtually complete.

The large number of additional legal claims made against the Company subsequent to the announcement of that settlement is still outstanding. The proceedings between the Company and its insurers which the Company instituted with a view to resolving the insurance position are still pending. Following a decision of the Privy Council an action begun in Australia against the

Company and its Australian subsidiary is now being pursued. Further comment on any of these outstanding matters is not appropriate at this time.

## SCOTCH WHISKY

Operations at our malt and grain distilleries have run smoothly during the year. The productive capacity for malt whisky is being expanded at Glendullan and Caol Ila distilleries and mechanical maltings are being built at Port Ellen distillery in Islay to supply our three distilleries on that island, and also at Burghhead as an extension to our existing plant there. A new large blending and bottling plant is being built at Leven in the County of Fife to meet the increasing demand for these services.

In the home market The Scotch Whisky Association has made further strong representations to the Chancellor for a reduction in spirit duty, and stressed once more the handicap the industry suffers by virtue of the substantially higher rate of duty it has to bear compared with other products in the field of alcoholic beverages.

During the year under review, the industry enhanced its level of home sales to the highest total since the last war, representing an increase of some 10.5% over the previous year. I am glad to report that sales of Group brands increased by a considerably higher percentage, and in this performance Haig strengthened and further consolidated its position as the leading brand in the market. Dewar continued to enjoy an ever increasing popularity in Scotland, and was our largest selling brand north of the border.

In October last the opportunity was taken to increase home trade prices by an amount judged by the Board to be appropriate in relation to the continuing highly competitive situation in the market. Increased sales, partly at higher prices, did in fact achieve the objective of improving profitability. It must be stressed however, that

consumption there, rose by 10.7%. Your Company's brands maintained their proportion of this highly competitive market. Dewar's White Label enjoyed particular success in New York and the eastern states, increasing its sales considerably, while Johnnie Walker's Red and Black Labels continued to sell strongly.

Sales in the Central American and West Indian markets continue to expand. Early in 1971 the situation in Mexico was suddenly improved by the granting of greatly increased import licences.

As regards South America, Venezuela continues to be one of the greatest markets for Scotch Whisky in the world and James Buchanan & Company Ltd. with their Buchanan's "De Luxe" and "Black & White" still hold the lead.

In other South American markets, particularly Brazil and Argentina, there were some relatively large increases in industry shipments. Almost entirely these took the form of bulk Scotch Whisky for admixing with local spirit, to make products frequently sold under misleading labels. Your Company does not supply Whisky for this trade.

In Australia, New Zealand and Asia, the Company's brands, headed by Johnnie Walker, have again strengthened their position. In Japan this has been far from easy in face of the large amounts of bulk Scotch Whisky shipped for improving locally produced spirit, the result being described as Japanese Whisky. As in the case of South America your Company does not believe this type of business can be in the long term interests of Scotch Whisky, and is not involved.

Japan has for some time been a relatively small market for Scotch Whisky in bottle owing to the limitations imposed by import licensing, but I am glad to report that at the end of 1970 the licensing restrictions were abolished. "Johnnie Walker", "White Horse", "Black & White" and "Old Parr", all brands belonging to your Company, have for a long time been leaders in the

## GIN

I am pleased to be able to report a substantial increase in world sales of Gordon's, Booth's and Tanqueray Gins. The United Kingdom and the United States markets accounted for the major part of the increase.

As with Scotch Whisky, in face of steeply rising costs the prices of our brands of Gin were increased in the home trade last October.

Shipments of our brands of Gin to overseas markets were well ahead of the previous year and the Group increased its proportion of total exports.

Sales of Gordon's Gin in the United States continued their upward trend and the brand retained its pre-eminent position as market leader.

## VODKA

In the United States, the market for Gordon's Vodka once again showed a substantial rise. Sales of Cossack Vodka in the United Kingdom continued to make progress with a considerable increase over the previous year and a steadily rising share of the market.

## PIMM'S

In the first full year during which Pimm's Ltd. has been a member of the Group, sales in the home market have shown an encouraging upward trend. Shipments to export markets were also higher than in the previous year.

## COGNAC HINE

During the year we successfully negotiated the purchase of a majority interest in the company Cognac Hine, whose business consists of the production and sale of its various brands of Cognac. These enjoy an excellent reputation which we shall take every care to maintain. Your Board believes that there is real scope for expanding the sales of Hine in a number of export markets.

## AUSTRALIAN INTERESTS

Although sales of their brands of Australian Whisky and Gin were slightly lower, good results for Vodka and other lines contributed to an increase in profits by The United Distillers Pty. Ltd.

## FOOD GROUP

Although sales of Bakers Compressed Yeast and Dried Baking Yeasts were well maintained during the year, substantial increases in the costs of production and distribution, without equivalent price increases, reduced profitability, particularly during the first six months.

## THE DISTILLERS COMPANY (CARBON DIOXIDE) LIMITED

Sales of carbon dioxide again showed a very satisfactory rate of growth. This progress was, however, overtaken by abnormal increases in costs, stemming from the high rate of inflation which occurred in the year. The highly competitive situation in the CO<sub>2</sub> market did not allow these cost increases to be entirely offset by price adjustments so that, in the overall picture, profits were reduced by approximately the extent to which they had grown in the previous year.

## BAKELITE XYLONITE LIMITED

Overall the 1970 results of Bakelite Xylonite Ltd., the plastics company which we share equally with Union Carbide Corporation, USA, were encouraging.

## UNITED GLASS LIMITED

The consolidated profit of United Glass in the calendar year 1970 before taxation amounted to £1,574,000 compared with £751,000 (excluding the loss of the discontinued British Heat Resisting Glass Company Limited) in the previous year. This marked improvement was entirely attributable to the Glass Container Division. In the other businesses, despite price increases, the dramatic rise in the cost of labour, materials and services caused profits to fall short of 1969 levels.

## PERSONNEL

Although all our employees have contributed much to the smooth running of our operations over the past year, on this occasion I should like to mention particularly the quite remarkable achievements of the people primarily concerned with the bottling and distribution of Scotch Whisky and Gin. The advance notice given last August of an imminent price increase in the home trade concentrated the volume of business normally done between August and December into a flood of orders for delivery at the old price before the end of September. They were honoured at the earliest possible time by virtue of the strenuous efforts of those concerned. Your Board join with me in expressing on your behalf our great appreciation of their response to the needs of the time.

## FUTURE PROSPECTS

Reports on economic conditions in the USA are not entirely encouraging, but, although this was also the situation last year, the demand there for Scotch Whisky did expand. We expect that our two major brands in that market will continue to record increased sales. In the rest of the world, demand continues reasonably strong and, provided prices are not greatly eroded by the intensity of competition, I am hopeful of a successful outcome to the current year.



Cutting peat. Malt whisky derives part of its inimitable flavour from the application of peat smoke to malted barley.

the rise in the price of Scotch Whisky served to intensify competition for market share.

I referred a year ago to the arrangement whereby Bass Charrington had been appointed agents for the sale of "Vat 69" in the UK. I am glad to say that the year under review was again one of encouragement to both parties.

As regards the export position, industry shipments for the year ended 31st March 1971 rose from 56,447,000 proof gallons to 61,980,000 proof gallons. I am glad to report that your Company's percentage of this total was well maintained.

In the United States — by far the largest market in the world — fears that the economic situation might affect sales of Scotch Whisky were not realised and, in fact, tax payments for the year 1970, the most reliable guide to

market. Every opportunity is now being taken to ensure that these and our other brands expand their business in the market which should grow considerably over the years.

Europe today contains the second, third and fourth largest export markets of the world, viz: France, Germany and Italy. Your Company's major brands have excellent distribution throughout these countries. However, competition, much at very low prices, is intense.

Problems which might arise should this country enter the Common Market continue to be studied. The Council of The Scotch Whisky Association have informed the Government of the difficulties which are foreseen for the industry, but the Departments have not so far felt able to offer any assurances.

The Ninety-fourth Annual General Meeting of The Distillers Company Limited will be held at the North British Hotel, Edinburgh, on Thursday, the 16th day of September, 1971 at 12.15 p.m.

## SUMMARY OF RESULTS

	Year to 31st March 1971 £	Year to 31st March 1970 £
Consolidated profit before tax	54,688,000	52,628,000
Net earnings (including United Glass)	33,747,000	29,615,000
Retained in the business	10,595,000	7,327,000
Dividends	23,152,000	22,288,000
Rate of dividends	12.75%	12.25%

The  
**Distillers** (DCL)  
Company Limited



Bank Rate 6% (April 1, 1971) factor against the market's favour was an excess of revenue transfers to the Exchequer over Government disbursements.

Credit was in short supply in the Discount market yesterday and the authorities gave assistance by buying a very large amount of Treasury bills from the banks

A rate of 54 per cent. was paid for day-to-day loans for the most part, and conditions were still very short at the close, with business in a range of 54 per cent to 6 per cent.

In the inter-bank market overnight loans commanded 54-55 per cent for most of the day, but fell away at the close to 44-54 per cent.

## OVERSEAS SHARE INFOR

Industrials ...	194.2	195.1	212.4	163.8	amended from 1953 to 1963. (c) Adjusted now quoted on basis 1963=100 and no longer 1953=100. (d) Base date December 29, 1956. (bb) New index introduced by Paris Bourse Committee basis 1961=100.
Auto	77.3	77.7	83.3	77.3	
			(194.4)	(218.5)	

1963=100.). Source: Rand Daily Mail.

Quarterly dividend on common	3¢-4¢	8-10	
1-day notice			
3-months	7½-8½	8½-9½	9½-10½
6-months	7½-8½	8½-9½	9½-10½
1-year	8-9	9-10	10-11
10-year	8½-9½	9½-10½	10½-11½

The following rates were quoted for London:

RATES		
Dutch gulder	W.German mark	Swiss franc
5.5	216-416	14:1

FORWARD RATES		
-	One month	Three months
New York	par-14 ods.	18 c. par-14 dis

هكذا من الآخر

GERMANY	
	Price ± %

[illegible][illegible]

فقد من الكسوف



# STOCK EXCHANGE REPORT

## Equities make a quiet but firm start to new Account Index up 2.7 at 412.1—Gilts firm and Golds steadier

### ACCOUNT DEALING DATES

First Declared Last Account Dealings Date  
Aug. 9 Aug. 20 Sept. 1  
Aug. 23 Sept. 2 Sept. 14  
Sept. 6 Sept. 16 Sept. 28

London Stock Markets were firm in fairly quiet trading yesterday, the first day of the new Account Index. Leading equities were rather cautious at the opening, but quickly improved in the absence of any exchange moves on the foreign exchange market, which opened for the first time since President Nixon announced his economic package just over a week ago. Most of the day's business was completed in the morning session and the buyers were mainly small, although one or two institutions were reported to be buying interest. Selling was negligible. The Financial Times Industrial Ordinary share index, which hourly calculations were made up to 10.30 a.m. and at a best level of the day at 1 p.m. when it was 3 points up. The index was 2.7 higher at 2.1, reflected more the waning buying interest than selling.

Week-end Press comment caught its usual crop of firm among second-line equities, but generally better feeling was roused in a rise-to-fall ratio of out three-to-one in all FT-quoted Industrials, last Friday's index was 2.7 higher at 2.1, reflected more the waning buying interest than selling.

### Its still firm

British Funds maintained a firm, although trading conditions were not particularly active, and a number of institutions were reported to be buying interest. Selling was negligible. The Financial Times Industrial Ordinary share index, which hourly calculations were made up to 10.30 a.m. and at a best level of the day at 1 p.m. when it was 3 points up. The index was 2.7 higher at 2.1, reflected more the waning buying interest than selling.

low level, but prices were firm in sympathy with the main Funds. Commonwealth stocks were again neglected.

There was little further selling of investment funds, and on a modest demand, the premium remained a full point at 23½ p.c. in company with Wall Street. S.S. stocks turned higher, but for Japanese Eurodollar issues there was no respite, Hitachi 6½ p.c., 1979, falling 15 points more to \$US110.

In New Issues, British and Canadian Investments advanced 1½ p.c. to 174½ in a restricted market.

### Pearl improve

Insurances were generally firm on small demand with Pearl rising 1½ p.c. to 25½ ahead of tomorrow's interim statement. Sun Alliance, whose interim is due today, was up 1½ p.c. to 45½. Equity and Life, 26½, and Reinsurance, 67½, both up on 9 p.c. while Legal and General rose 6 p.c. to 338½. After last Friday's drop of 18 p.c. on the lower profits, L. Hammond shed 2 p.c. to 88½. Taisio Marine (EDR), followed the weakness in other equities, falling 1½ p.c. to 35½. This compares with a 1971 "high" of 610½.

Little real interest was shown in Banks which, however, were steady to firm: rises of 2 p.c. to 23½, 2½ p.c. to 24½, and 2½ p.c. to 25½. National Westminster the latter amount up at 81½. On the other hand, Bank of Scotland gave up 1½ p.c. ahead of the interim statement.

Hire Purchases were firm, and Cattle's (Holdings) were prominent with a rise of 5 p.c. to a 1971 peak of 44½.

A fair amount of interest developed in Breweries and prices ended on a firm note. Demand in the market for 1971 was 13½ p.c. to 32½. Scottish and Newcastle improved 5 p.c. to 440½ and Whitbread "A" hardened 1½ p.c. to 22½. Pending the outcome of the bid, Trauman's Holdings held steady at 45½. Watney Mann eased 3 p.c. to 122½ and I.D.V. shed 1 p.c. to 69½, but Grand Metropolitan Hotels put on 6 p.c. to 187½.

Building issues provided several

notable firm spots. Marley rose 1½ p.c. to 115½ ahead of tomorrow's third quarter figures, while R. Costain was 1½ p.c. better at 184½. Following Press comment, Bovis moved up 4 p.c. to 202½, while Turriff Construction closed 6 p.c. up at 202½. The better-than-expected results of J. Mowlem rose 8 p.c. to 118½, while other firm spots included Marshalls, 4½ p.c. higher at 80½, and Western 12½ p.c. up at 67½, the last-mentioned following Press comment.

After Press comment, Chemicals were in good cheer. ICI gained 4 p.c. to 329½, while gains of 6 p.c. were seen in Yorkshire Chemicals, 23½, and Rentokil, 128½. Kingsley and Keth picked up 4 p.c. to 55 p.c. on the results.

Granada "A" became prominent and closed 22½ higher at 390½ in response to Press comment.

### Army and Navy rise

In firm Stores, Army and Navy became prominent on buying in a thin market and jumped 13 p.c. to 231½. "Gussies" "A" rose 6 p.c. to 286½, while E. J. R. Holdings moved up 3 p.c. to 204½. In the half-yearly figures and the upward revision in the profits forecast, after Friday's fall of 8 p.c. on the interim statement, Lloyds Retailers rallied 1½ p.c. to 29½, while Court Bros. "A" advanced 9 p.c. to 185½ ahead of today's results. Debenhams were firm at 233½, up 4 p.c. while Marks and Spencer were seen in Spiritella, 65½, and Vantona, 44½. In Mail Orders, A. and S. Henry hardened 1½ p.c. to 74½, while J. J. R. Holdings counter-offer, while shares of bidders, United Drapery Stores, closed a shade better at 125½. Balwies, however, fell 5 p.c. to 248½.

C. W. Pittard gained 4 p.c. to 69½ on the increased dividend, while L. J. R. Holdings rose 3 p.c. to 32½. De la Rue found favour and improved 6 p.c. to 234½. Following the half-yearly results and dividend forecast, Nelson put up 1½ p.c. to 54½ in response to the increased dividend and profits.

Leading Foods moved narrowly and closed little changed. Spillers were notably firm at 51½, up 1½ p.c. while Peck Weir and Tod, still reflecting

the good half-yearly profits, moved up 2 p.c. to 117½. While Press comment helped F&M, 72½, and Associated Fisheries, 52½, put on 3 p.c. and 3 p.c. respectively. In response to a chart-by signal, International Stores rose 3 p.c. to 76½, while S. and K. Holdings improved 3 p.c. to 49½ on fresh speculative demand.

Following the increased dividend and sharply higher profits and scrip issue proposal, Centre Hotels (Cranston) closed 6 p.c. higher at 220½.

Comment about prospects stimulated fresh buying interest in Joseph Lucas, up 13 p.c. to 209½, while Brown Bros. and Albany rose 8 p.c. further to 17½ ahead of today's interim results. Dowry improved 4 p.c. to 125½; the chairman's optimistic review was released after market hours. Elsewhere in Components, Bluebell Bros. responded to the further revised forecast from Bristol Street by rising 10 p.c. to 89½, while Quinton Hazzard added 3 p.c. to 52½ on the higher profits forecast. Garages were notable for a rise of 5 p.c. to 243½, after the preliminary figures. Lex ended 6 p.c. better at 243½.

### Land Securities up

The Land Securities annual report touched off good buying not only of the shares but also of the Properties. Land Securities reached a 1971 peak of 208½ before closing 9 p.c. higher at 208½, Metropolitan Estate, 190½, and Star, 212½, both rose 5 p.c. while

St. Martins gained 1½ p.c. to 321½. British Land revived with 3 p.c. advance to 133½. Following the above-forecast dividend, Stock Conversion rose to 62½ for a net 25 p.c. improvement. Estate Property put on 6 p.c. to 147½, but disappointment with the higher net asset value lowered Edger 3 p.c. to 202½, after 198p.

Ultramar, up 14 p.c. to 282½ in heavier-than-usual trading, involved a rather drab day in Olds. British Petroleum were almost static at 588½, while Shell eased 1 p.c. to 388½ after 382p. Burmah relinquished an early 5 p.c. gain to close 1 p.c. easier at 427½, but Royal Dutch, in line with overseas influences, improved 1½ p.c. to 229½.

A feature of a fairly firm Investment Trust section was the 17 p.c. rise in the bid from Direct Spanish Telegraph, itself up 18 p.c. at 183½ after active trading.

### Court Line higher

Court Line attracted fresh speculative demand and rose 12 p.c. to 129½. Shipping Industrial Holdings improved 3 p.c. to 253½. Canard advanced 1½ p.c. to 208½; the bid from Trafalgar House closed today at 3 p.m. Tanker Investment Trust rose 3 p.c. to 36½ on rumours that the company has sold its holding in "Lois".

Textiles made a mixed showing. Among the firm spots, Allied Foundry and Engineering, 140½, while Textured Jersey, 140½,

and Hocking Pentecost, 77½, improved 5 p.c. and 4 p.c. respectively. Rubbers were quiet and little changed, but Teas hardened in places with Dunlop, 46½, and Ovation, 49½, ex dividend, moving up 2 p.c. and 2½ p.c. respectively.

### Golds better

After a dull opening, Gold shares began to attract small buyers and prices moved upwards on a persistent demand. Gains ranged from 1 p.c. in W&A, at 785½, and after Friday's setback on the dividend cut forecast, Buffels rallied 1½ p.c. to 185½. Winkelbank were 8 p.c. up at 168½.

There was also a rather better tendency in the Finance group. C. W. Pittard, 69½, and Cattle's (Holdings), 44½, each rose 1 p.c., although the latter's Australian subsidiary, Conzinc Rietveld lost a further 2 p.c. to 320½.

### Investors Diversified

Investors Diversified Funds, 100½, and Cattle's (Holdings), 44½, each rose 1 p.c., although the latter's Australian subsidiary, Conzinc Rietveld lost a further 2 p.c. to 320½.

### Shareholders Excalibur in C.S.A.

Shareholders Excalibur in C.S.A., 11 p.c. up at 183½ after 183p.

### Shareholders Excalibur in C.S.A.

Shareholders Excalibur in C.S.A., 11 p.c. up at 183½ after 183p.

### AUTHORISED UNIT TRUSTS (p\*\*\*)

(a) Abacus Management Ltd. (b) Equity & Life Ltd. (c) Mallet & Wedderburn Ltd. (d) Minster Fund Managers Ltd. (e) Morgan Grenfell Funds (f) National Provincial Unit Trusts (g) Pearl & Co. Ltd. (h) R. J. R. Holdings Ltd. (i) S. J. R. Holdings Ltd. (j) T. J. R. Holdings Ltd. (k) U. J. R. Holdings Ltd. (l) V. J. R. Holdings Ltd. (m) W. J. R. Holdings Ltd. (n) X. J. R. Holdings Ltd. (o) Y. J. R. Holdings Ltd. (p) Z. J. R. Holdings Ltd. (q) A. J. R. Holdings Ltd. (r) B. J. R. Holdings Ltd. (s) C. J. R. Holdings Ltd. (t) D. J. R. Holdings Ltd. (u) E. J. R. Holdings Ltd. (v) F. J. R. Holdings Ltd. (w) G. J. R. Holdings Ltd. (x) H. J. R. Holdings Ltd. (y) I. J. R. Holdings Ltd. (z) J. J. R. Holdings Ltd. (aa) K. J. R. Holdings Ltd. (ab) L. J. R. Holdings Ltd. (ac) M. J. R. Holdings Ltd. (ad) N. J. R. Holdings Ltd. (ae) O. J. R. Holdings Ltd. (af) P. J. R. Holdings Ltd. (ag) Q. J. R. Holdings Ltd. (ah) R. J. R. Holdings Ltd. (ai) S. J. R. Holdings Ltd. (aj) T. J. R. Holdings Ltd. (ak) U. J. R. 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BRITISH FUNDS									
1971	Stock	Open	High	Low	Close	1971	Stock	Open	High
Shorts (Live up to Five Years)									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Five to Fifteen Years									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Over Fifteen Years									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Updated									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
INTERNATIONAL BANK									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
CORPORATION BONDS									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
COMMONWEALTH AND AFRICAN BONDS									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
PUBLIC BOARD AND OTHER BONDS									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
FOREIGN BONDS & RAILS									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
London U.S. Dollar and DM Issues									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
AMERICANS									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

# F.T. SHARE INFORMATION SERVICE

BUILDING INDUSTRY - Continued									
1971	Stock	Open	High	Low	Close	1971	Stock	Open	High
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
DRAPERY AND STORES - Continued									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
ELECTRICAL AND RADIO									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
CHEMICALS, PLASTICS, ETC.									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
CINEMA, THEATRES AND TV									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
DRAPERY AND STORES									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
ENGINEERING AND METAL									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
FOOD, GROCERIES, ETC.									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
HOTELS AND CATERERS									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

HOTELS AND CATERERS - Continued									
1971	Stock	Open	High	Low	Close	1971	Stock	Open	High
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Recent Issues and Rights									
1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

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## TEAS—Continued

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**Why gold is such a political metal**

BY JOE ROGALY

AT LAST the managing director of the International Monetary Fund, M. Pierre-Paul Schweitzer, has come out in the open and voiced in public the opinion that has been expressed inside his organisation for a good many months now. The United States, he indicated yesterday, should arrange for the devaluation of the dollar by the straightforward method, which would entail an increase in the official price of gold. Short of giving his hair long, smoking marijuana, and shouting rude words in public, M. Schweitzer could not have done anything more calculated to upset official American thinking.

### U.S. refusal

There are many reasons why Americans have consistently refused to contemplate the payment of more than \$35 an ounce for "official" gold. It would be bad domestic politics to do so. It may not be the solution to international monetary problems that some economists believe it to be. It would prolong the time during which mankind continued to hold a particular yellow metal in barbaric awe (this consideration is the one that most upsets theoretical purists). And—this is a reason that is trotted out every time that the subject is raised—the United States does not wish to enrich Russia and South Africa, two countries that it holds in political disfavour.

This last given reason upsets many people, partly because it is not really valid for a small increase in the price of gold (because this would not make much material difference to the strength of either South Africa or Russia), and partly because it is a shibboleth that contains within itself two subjects of tremendous emotional power: the price of gold and the policy of apartheid. The second is, of course, the most emotionally loaded of the two.

### Logic

Yet there is a logic in many of the attempts to influence the Pretoria Government in such a way that it might at least modify the unhappy effect of some of its legislation on the lives of the black inhabitants of the Republic. It would be foolish to assume that the American Government under President Nixon is particularly concerned with this (as Kennedy might have been); nevertheless there is a long tradition of such concern inside the State Department.

Some people who have taken note of the recent visit to South Africa by Dr. Hastings Banda will argue that it is time for a change in this official attitude, for an outstanding black man has himself opted for a policy of dialogue and—in his words—"killing apartheid in the kindness." The price of gold, on this reasoning, amounts to the same thing and, what is more, fall in with the Oppenheimer line of reasoning that suggests that economic forces will in the end cause white South Africans to draw back into skilled jobs and hence, by extension, into a life of greater personal freedom.

### Source of change

Perhaps. But even if this is accepted, realism dictates that in the absence of pressure from black Africa, the sports boycotts, the American disapproval, and all the rest—the Republic would not even have taken the tiny step forward that it took last week in accepting Dr. Banda and setting aside apartheid for him and his entourage for the few days of his visit. The only conceivable source of change in South Africa lies inside the minds of the white Afrikaners who govern it. Genuine change of the kind that would alleviate the situation of ordinary Africans is not on the horizon. If Dr. Banda's visit does bring about marginal relief, that will be all to the good, but such an outcome would not dissuade others from continuing to apply pressure. Equally, it would not persuade the Americans that they could safely ignore the effects of increasing the price of gold on their Afro-Asian policy. If Mr. Schweitzer does have his way, it will be as much of a surprise as a visit by Mr. Nixon to Peking.

## THE LEX COLUMN

# Explaining the re-rating at Carreras

Carreras has come in for a major re-rating since the interim in April, with the shares up by nearly a half, and the 1970-71 figures do nothing to upset that strength. Profits of £8.49m. pre-tax compare with April's £8.1m. forecast, and taking in the share of associated company income for the first time lifts the total to £9.5m. against an adjusted £7.3m. last time. In the U.K., the rise in the promotional bill was nothing compared with the surge in 1969-70, volume rose by 7 per cent, and November's price increases covered roughly two-thirds of home sales. Exports grew rather faster, and in the associated companies a dull performance by Carroll, the major contributor, is more than offset by a (maintainable) rise of nearly two-thirds elsewhere, mainly in Jamaica. That helps the tax charge, and the upshot is an earnings rise from 8.5p to 9.5p per share and a p/e of 7.2 at 40p, up another 21p yesterday.

These figures support the first prop for Carreras' re-rating—the scope for improving its U.K. market share—with a rise of perhaps half a point to around 8 per cent, over the year. Carreras claims that the Cambridge launch back in 1969 has opened new doors in traditionally weak areas like the Midlands, and is happy with the new Hallmark brand. The EEC could be another plus point, with over half group profits, according to some estimates, coming from overseas sales; and Carreras' strength in king sizes will be a help if the tax burden is shifted from the top end of the market in the U.K. That is a point which Imps has not missed, however, with three king size brands launched this year.

See also Page 16

### Land Securities

LSIT's asset value of 191p a share fully diluted was revealed as far back as May and the rent reversion assumptions lying behind the March revaluation are of course merely the other side of the coin. Nonetheless the quantification of these revaluations in the annual report up

to the year 1985 was apparently behind a 9p (after 13p) rise in the shares yesterday to 205p, unless it was the sheer quality of the report. Against an equivalent of a £10.3m. pre-tax profits last year, the revaluations average some £800,000 for the years 1973-3 through 1977-8 and about £2m. thereafter.

There is no reason to think that LSIT's premium over asset value will prove vulnerable in the short term. Aside from the question of future growth from developments not yet planned, two factors can be isolated as relating a property share price to its current asset value (with a big proviso over how that is determined). One is the gearing and the other is the development programme. Excluding its convertibles, LSIT is not highly geared (32 per cent.) but its average coupon is low: in fact a rough calculation of the equity in the group's borrowing on a market value basis would give about 25p a share.

As to the development programme, an idea of its size can be obtained from the figure of £88m. for properties undevel-

oped plus £83m. of capital commitments to be set beside a completed portfolio of £594m. A 30 per cent. capital surplus on £171m. would be worth 21p a share. But as a final thought, what premium is appropriate for a record which shows 15 per cent. compound growth in net assets over the admittedly favourable period 1963 to 1971?

See also Page 18

### Telefusion

Telefusion's 1970-71 profits are 25 per cent. higher at £1.1m. after a 31 per cent. gain at half-time. Neither that nor the earnings per share rise from 6.79p to 9.08p are typical of an industry in which earnings growth, temporarily, seems to be taking second place to the colour TV explosion; but Telefusion was starting from a low base. Profits in the previous two years were depressed, by around £250,000, as a result of a write-off of all single standard 405-line monochrome sets; and

while the group's refurbishing of old monochrome sets left more cash flow free for investment in colour—refurbishing costs, say, £10 against £50 to buy a new monochrome—the effect on 1968-70 earnings was apparently adverse.

Profitability was also enhanced by combined depreciation and interest charges only £151,000 higher at £2.23m. reflecting the retail sales push via check trading and, of course, customer finance via the now defunct 42-week downpayment rule; that probably amounted to between £1.1m. and £1.2m. at the year-end. The question, then, is what happens in the current year. Telefusion reckons that the colour market in the past four weeks has been four or five times its size at the same time last year; and one or two people have been worried that the group's drive for market share might overstretch its funding requirements to the detriment of earnings.

However, it turns out that around 30 per cent. of new business is sticking to a year's advance plan. As for the rest, Telefusion's new scheme—

£19.50 installation charge followed by immediate weekly payments of £1.19 a week for its price leader—adds up to over a fifth more over 12 months than the year's advance did. The installation charge, too, should produce profits in year one, and Telefusion is going for a 1971-72 rise along last year's lines—growth enough to support the 20.7 p/e at 190p.

See also Page 16

### Distillers

DCL goes a stage further on inflation accounting this year, quantifying the inflation element at £7.85m. within £35.7m. of "conventional" earnings. This in fact looks low vis-a-vis the Curry inflation DCL of necessity carries several years' stocks it is presumably only one year's stock requirement that is involved in the asset calculations. Meanwhile hopes of a "successful outcome" this year should allay worst fears.

See also Page 18

## 'Irish unification' theme of talks in Dublin

BY DOMINICK J. COYLE

DUBLIN, Aug. 23.

OPPOSITION MPs and senators from Northern Ireland arrived virtually en bloc this afternoon in Dublin for detailed discussions with the Government here on future tactics and strategy, including a civil disobedience campaign which, they hope, will eventually force a "political settlement" of the Northern crisis.

The meeting ended with this statement: "It was agreed that all should work towards the objective of obtaining equality of treatment for everyone in Northern Ireland irrespective of political views or religion and that in stating this immediate objective there is no departure from the intention of the great majority of Irish people to achieve the unification of Ireland."

The statement indicated that there would be further consultations.

### Invited

The talks, called at the invitation of Mr. Jack Lynch, Prime Minister of Eire, were attended by representatives of Northern Ireland's Social Democratic and Labour Party and the Nationalist Party, both of which have since withdrawn from Stormont and announced their intention to establish an alternative Assembly in Ulster.

Two of the MPs at the talks, Mr. John Hume and Mr. Ivan Cooper, rushed here from Derry, where they had appeared this morning in Court on a charge of failing to obey an Army order arising out of a protest sit-down demonstration in the city last week. The cases were adjourned for two weeks or so.

Mr. Cooper said that they were meeting Mr. Lynch to discuss tactics and attitudes towards a political settlement in the North. They would also deal with the question of civil disobedience



Mr. Joseph Brennan, the Republic of Ireland's Minister of Social Welfare and Labour.

and how the Republic's Prime Minister could assist in the campaign. Mr. Lynch has already committed his Government to the support of "political action" aimed at bringing down the present Stormont Government, but he has failed, in advance of today's discussions, to indicate the precise nature of this support. A final decision may, in fact, have to wait until after tomorrow's normal weekly meeting of the Cabinet, particularly if financial and diplomatic backing is envisaged.

There was some immediate surprise here at the participants on the Government's side. As expected, Mr. Lynch was accompanied by his Ministers for Finance and Foreign Affairs, Mr. George Colley and Dr. P. J.

Hillery, but two other Cabinet members also joined in the discussions: Mr. Joseph Brennan (Social Welfare and Labour) and Mr. Padraig Faulkner (Education).

The inclusion of Mr. Brennan led to speculation that the Government may be considering a scheme to compensate Roman Catholics in Northern Ireland who say they have financial losses as a result of their participation in the civil disobedience programme, including non-payment of rents and rates.

The Northern representatives are planning their resistance campaign with a two-fold objective. Their immediate aim is to mount pressure for an end to internment, and then to maintain the campaign by a new system of administration in which Roman Catholic representation would be proportionate to their numerical strength in the Province.

### Moderation

Mr. Lynch's Government has endorsed this strategy in principle but Ministers here are anxious to ensure that the passive resistance campaign is fully co-ordinated and seen to be organised and led by political moderates. There is certainly concern here that militant Republican elements are also mounting their own civil disobedience programme and establishing a nine-county Ulster Parliament aimed at undermining the authority of both Stormont and Dublin Governments.

The visiting MPs and senators were later due to meet Mr. Liam Cosgrave, Leader of the Opposition, Fine Gael Party, together with the party's spokesmen on foreign affairs, Mr. Richie Ryan. A meeting has also been scheduled with representatives of the Labour Party.

## No recall of Parliament

BY RICHARD EVANS

THE OPPOSITION request that Parliament be recalled for two days next week to debate the Northern Ireland situation has been turned down by the Government, making an open rift between the two parties more likely.

Mr. Francis Pym, Government Chief Whip, yesterday told his opponents that he did not think the situation warranted an emergency debate but promised that Ministers would continue to keep the matter under daily review.

The rejection infuriated Labour leaders, who will continue to press for the Commons to debate Ulster before the proposed return of Parliament on October 19. They feel that Parliament has been treated in a "deplorable" manner and has been flouted by the Government. In particular, the Opposition believes that the whole time schedule for the introduction of

internment was arranged deliberately so that Parliament could not debate it before rising early in August. Since then, it is argued, the situation has deteriorated significantly.

On the other hand, Ministers believe that an early debate could do more harm than good by giving a platform to extremists. They feel it would be much better to wait until something constructive could be said about new economic aid to Ulster.

Mr. Harold Wilson will return to London from his holiday in the Seychelles on Thursday and will discuss with his colleagues, by telephone, he may then seek a meeting with the Prime Minister to discuss Government policies in Northern Ireland. Discussions continued yesterday between the Home Office and the Defence Department on the composition of the independent inquiry into allegations of brutality against British soldiers

in Ulster, and a statement is expected to-day or to-morrow. Lord Carrington, Secretary for Defence, was to have discussed the inquiry with Mr. Heath at Chequers yesterday, but the meeting had to be postponed because of Lord Carrington's indisposition.

### Soldier killed

Our Belfast Correspondent writes: Another soldier was shot dead in Belfast yesterday by a sniper. He was on duty in the Ardoyne area. This brings to 14 the number of soldiers killed in Northern Ireland this year.

The total death toll since the introduction of internment a fortnight ago rose to 31 when a man injured during a gun battle in Northern Ireland died in hospital. The team of Scotland Yard detectives which was called in seven months ago to assist the Royal Ulster Constabulary in murder investigations has returned to London.

## Pergamon losses may be about £1m. more than forecast

BY SANDY McLAHLAN

IT IS now thought that the losses of Pergamon Press for the year to September, 1970, will turn out much higher than the £1.3m. predicted by Sir Henry d'Avigdor Goldsmid, chairman, at the last annual meeting. It is now suggested that the accounts, due shortly, will, in fact, throw up a loss of some £2.3m. It is believed that most of the discrepancy is due to a difference between the accounting procedures used in the unaudited internal accounts—on which the forecast was largely based—and those applied to the audited figures which will appear in the annual report.

To add to Pergamon's troubles it became clear yesterday that

Dr. Felix Kalinsky, Pergamon's managing director, had been dismissed as a vice-president of Leasco Data Processing Corporation—the U.S. computer company which holds some 30 per cent. of the Pergamon equity.

Dr. Kalinsky was being paid \$80,000 a year by Leasco while he was seconded to Pergamon, but Leasco reclaimed the money from Pergamon. Now it appears that Pergamon will pay Dr. Kalinsky directly. It is known that Dr. Kalinsky did not see eye to eye with the Leasco management over the appointment of Mr. Robert Maxwell to the Pergamon Board. Leasco has been scrapping with Mr. Maxwell on and off for a couple of years now, and was

strongly opposed to his rejoining the Board in spite of the fact that the new independent Pergamon management thought Mr. Maxwell's reappointment necessary. Dr. Kalinsky supported Dr. Kalinsky's support on this point.

However, it is believed that other factors are involved in the breach between Dr. Kalinsky and Leasco, although last night Dr. Kalinsky would not comment beyond confirming that he had been informed by Leasco of his removal from office. In fact, it was suggested in some quarters last night that there is also some measure of disagreement between Dr. Kalinsky and the rest of the Pergamon Board.

## Strike threat to 9 Lucas factories

By Our Labour Correspondent

ALL NINE Lucas component factories in Birmingham could be shut down because of a strike by 300 engineers, which yesterday led to nearly 1,000 other workers being laid off at two of the group's plants in the Midlands.

The company had to close down its alternator factory in Marshall Lake Road, Birmingham, and send home 300 workers, and another 150 were made idle at the Mere Green, Sutton Coldfield, electronics plant.

The engineers are demanding more holiday money, and walked out even though the management said it was prepared to consider the claim when their present wage agreement, which expires next week, is renegotiated.

The engineers involved are responsible for maintaining machinery at all nine plants, none of which is likely to be able to operate long without them. They are not planning to meet again before Friday.

Because of slackening demand for components which has led to some short-time working at Lucas stocks are high and there is no immediate danger to production in the motor industry.

## U.K. move on aid to Malta

BY RICHARD JOHNS

BRITAIN will consult with her NATO allies this week to see if they are prepared to increase their contributions to the aid package being offered to Malta in return for Britain's continued use of the island's military facilities, according to informed sources.

After consultations in Brussels, Sir Edward Peck, the U.K. Ambassador to NATO, will report back to the Government in London on the chances of improved offers by individual members of the alliance. But Britain's offer of an undivided share in the £5m. annual cash grant proposed collectively with NATO plus another £3.5m. in economic aid will not be raised.

In Whitehall, meanwhile, a "long-haul" is anticipated before the deadline is resolved.

But following the visit of Lord Carrington, Secretary of Defence, to Malta last week and his talks with Don Mintoff, the Maltese Prime Minister, there is clear relief that the crisis atmosphere has cooled.

During Friday's talks in Valletta Mr. Mintoff intimated that the U.S. and West Germany had both made approaches individually to his Government indicating that they would be prepared to give more than has already been pledged in return for the military facilities.

It is believed that the U.S. and West Germany both place a rather higher value on the island's strategic value than does Britain. According to sources in Valletta there has been some American discontent about

Britain's handling of the exchange with Malta. A special envoy from the State Department, Mr. John Walker, is currently in Valletta keeping an eye on the proceedings.

Any individual approaches by the U.S. and West Germany were probably concerned with the extra economic aid the NATO allies have said they are prepared to discuss with Mr. Mintoff's government on a bilateral basis. As yet, Mr. Mintoff has been given no precise idea by the British Government as to how much money he could expect from them and on what terms.

Mr. Mintoff's minimum demand, as reported previously in the Financial Times, is for an annual rental of £15m. a year. The gap between this figure and the £5.5m. basic British-NATO offer will have to be narrowed if Malta is to negotiate on a new financial-defence agreement as to get under way.

Nevertheless, Lord Carrington's visit has established that Malta is prepared to grant Britain exclusive rights for military facilities although this probably would not preclude Russian merchant vessels, including the "trawlers" which shadow the U.S. Sixth Fleet, from using the Malta drydocks. It was reported last week that Mr. Mikhail Smirnovsky, the Soviet Ambassador, had suggested that his Government could help Malta in this way.

He also believed to have offered immediate cash aid to tide the Maltese Government over its "cash-flow" crisis. But Mr. Mintoff evidently has recoiled from the Russian embrace, not the least because he is fearful of the political repercussions in Malta itself.

However, it is thought that Mr. Mintoff may be able to take up a Libyan offer of short-term cash aid, even though the "strings" attached by Tripoli to a long-term agreement are unacceptable.

## Turriff withdrawing from Barbican

BY JOHN HUNT

TURRIFF CONSTRUCTION work was completed. It had given the Corporation two weeks to consider this and had then extended it by a further week. It had informed the City that, if satisfied, it would be withdrawing from the project.

Mr. L. R. Robinson, chief executive of the company, said the decision had been taken because of the company's dissatisfaction with the way the City Corporation was handling the project.

He said that the Turriff part of the project, phase 2, which included flats and a school, should have been completed in 1968.

There had been delays in the production of plans and the appointment of sub-contractors. As a result the cost of the work had risen to £1.25m. and there had been differences of opinion between the company and the Corporation over the continued financing of construction.

Mr. Robinson said the original contract, in 1963, had been valued at £8m. Turriff had already been paid £10m., and now valued the work so far at £14.8m. As a result, Turriff asked the Corporation for the work to proceed on a cost basis—that is, payment as each section of the

work was completed. It had given the Corporation two weeks to consider this and had then extended it by a further week. It had informed the City that, if satisfied, it would be withdrawing from the project.

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## Many garages expected to raise charges soon

BY MICHAEL HAND, LABOUR CORRESPONDENT

MANY garages are expected to raise repair and service charges following an increase of 8½ per cent. in basic pay rates from the beginning of next month for 350,000 workers in the motor vehicle retail and repairing trade.

The basic weekly rate for skilled men will go up by £1.50 to £20, for semi-skilled and unskilled men by £1.25 to £17.25 and £15.75 respectively and for women by £1 to £12.67. The increases are being paid under the final stage of a three-year deal which, following union pressure, was amended

last year to give bigger increases under the last two stages because of the rise in the cost of living and the high level of pay rise in industry generally since it was originally negotiated in 1969. Although the agreement affects only basic rates directly, workers believe the minimum would expect to have their differentials maintained.

Wages account for about a third of the total costs, which will therefore probably go up by about 2½ to 3 per cent. It is expected that many garages will find it necessary to pass on some or all of this extra cost to their customers.

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### Weather

#### U.K. TO-DAY

In the North, it will be with sunny spells in most areas and temperatures a little higher than yesterday, especially in the North. In the Midlands and South, areas will be rather cloudy with scattered outbreaks of rain, but a little warmer yesterday.

London, Cent. S. Eng. South- Midlands, Wales: Rather cloudy. Some spells, but perhaps some breaks of Wind East, Max. 22° (72°).

Channel Islands: Rather cloudy. Perhaps breaks of rain. Wind East, Max. 18C (64°).

S.E. and E. Eng. E. Ang. S. and Cent. Scotland: Bright spells inland. Perhaps breaks of rain. Max. 21C (69°) cooler on coast.

N. Eng., W. Eng., N. Ireland S. and Cent. Scotland: Mostly dry. Sunny spells. 20C (68°).

N. Scotland, Orkney, Shetland: Rather cloudy at times occasional rain. Max. 15C (59°).

Outlook: Mostly dry in N. unsettled in South.

### BUSINESS CENTRES

	Y-day	Mid-day		Y-day	Mid-day		
Amsterdam	R	35	62	Madrid	S	35	62
Bahrein	S	35	66	Manchur.	S	35	66
Beirut	S	39	64	McElbourne	S	39	64
Bombay	R	14	67	Milan	S	39	67
Buenos Aires	S	39	64	Moscow	S	39	64
Berlin	R	19	61	Moscow	S	39	61
Birmahm	C	15	64	Munich	C	15	64
Bristol	C	21	70	New York	C	21	70
Buenos Aires	S	39	64	Osaka	S	39	64
Sandpape	F	32	68	Oslo	F	32	68
S. Aires	C	14	57	Paris	F	32	57
Cairo	S	32	60	Prague	S	32	60
Canton	S	32	60	Rio de J. S.	S	32	60
Colombo	F	20	61	Rome	S	32	61
Copenhagen	S	19	68	Rome	S	32	68
Dublin	C	16	61	Singapore	S	32	61
Edinb.	C	14	57	Stockholm	S	32	57
Frankfurt	S	32	60	Tokyo	S	32	60
Geneva	S	22	72	Sydney	S	32	72
Hankow	C	15	69	Tehran	S	32	69
Hongkong	F	15	69	Tel Aviv	S	32	69
Hankow	F	15	69	Tientsin	S	32	69
Kobe	C	16	61	Toronto	C	16	61
London	F	22	72	Vienna	S	32	72
Lyons	F	21	70	Warsaw	S	32	70
Manila	S	32	60				
Medan	S	32	60				
Shanghai	S	32	60				
Singapore	S	32	60				
Sourabaya	S	32	60				
Tientsin	S	32	60				
Yokohama	S	32	60				

### HOLIDAY RESORTS

	Y-day	Mid-day		Y-day	Mid-day
	C	F		C	F
Algeria	S	26	Istanbul	F	26
Alexandria	S	30	Jersey	F	26
Algiers	F	30	Las Plms.	S	26
Athen	S	27	Locarno	F	26
Barcelona	S	26	Luxor	F	26
Batavia	S	26	Madrid	F	26
Blackpool	C	17	Malaga	F	26
Bordeaux	F	22	Malta	F	26
Buenos Aires	C	19	Nairobi	F	26
Casablanca	F	25	Naples	F	26
Cebu	S	26	Nice	F	26
Corfu	F	23	Nicosia	F	26
Dubrovnik	S	25	Oporto	C	26
Peru	S	25	Rhodes	F	26
Genoa	S	26	Rome	F	26
London	F	26	Saltzberg	F	26
Manila	F	26	San-Moritz	F	26
Brussels	F	26	Singapore	F	26
Guernsey	F	19	Tenerife	F	26
Hankow	C	18	Tunis	S	26
Hongkong	C	14	Valencia	F	26
Lyons	C	16	Venice	F	26
City of Man	C	16			
S-Sunny, F-Fair, C-Cloudy,					
R-Rain, St-Storm, D-Drizzle					

### MORE DETAILS OF £60M. ROAD

Householders are being notified by Greater London Council that they will be affected by the proposed £60m. West Cross road, Epsom Road, from Avenue to Thames at Chelsea Basin. Two-mile road, elevated through out, is for the most part built over the West London railway tunnel. It is a continuation of the spur to Westway.

## Dear Breadwinner

Sorry I laughed when you nearly fell downstairs this morning. Didn't mean to. You were right to be frightened. I was too when I thought of it. The children and I are totally dependent on you. Money would soon run out. Fixing the stair carpet is not enough.

Soon after, your father phoned: "Tell him to give the risk on his life to the Scottish Provident. They are used to accepting risks. In return you get security. It's done so you all benefit—even if he doesn't have an accident."

"He selects one of their endowment assurances. It's only a few pounds a month, whatever he can afford. Then they insure his life for thousands of pounds. Tell him if he doesn't give my favourite daughter-in-law more security I'll disinherit him!" End of message.

Supper is in the oven. Don't burn yourself on the dish. Please fetch me early darling, you know how boring Maggie's bridge evenings are.

Kisses, Tessa.

You win both ways with a Scottish Provident endowment: security in case of death; or a handsome cash payout if you survive. It's very simple and secure. Of course, for the very best, ask your broker about Selected Period Investment. It's a unique Scottish Provident idea. No broker? Then look in the yellow pages. Or send for our leaflet.